NORWALK re: DEVELOPMENT AGENCY

TO: MEMBERS, NORWALK REDEVELOPMENT AGENCY

FROM: FELIX R. SERRANO, CHAIRMAN

DATE: DECEMBER 3, 2019

RE: MEETING NOTICE

****

The next Meeting of the Norwalk Redevelopment Agency will be held on Tuesday, December 10, 2019 at 5:30 p.m. in Room 300 in Norwalk City Hall.

DECEMBER 10, 2019
5:30 P.M.
REGULAR MEETING
A G E N D A

CALL TO ORDER

ROLL CALL

PUBLIC PARTICIPATION

I. ADMINISTRATION

A. APPROVAL OF MINUTES

1. Approve Minutes of the November 12, 2019 Regular Meeting

B. FINANCE

1. Approve NRA Operating Financial Statement for Year-To-Date October 31, 2019
2. Second Auditor Preissuance Financial Statement Review Report (For information only)
3. Approve NRA Audited Certified Financial Statements for Fiscal Year Ending June 30, 2019.
4. Approve Budget Amendment for Salaries/Benefits

II. BUSINESS.

A. 55/77 NORTH WATER STREET PROPOSED CHANGES IN USE/DESIGN

1. Find that proposed changes to the first floor uses at 55 North Water Street are consistent with the Reed Putnam Urban Renewal Plan
2. Find that proposed changes to the first floor uses at 77 North Water

Street will substantially change the Urban Renewal Plan and will require a modification to the Plan in accordance with State Statute.

III. NEW BUSINESS

IV. OLD BUSINESS

ADJOURNMENT

3 BELDEN AVENUE - 2ND FLOOR, NORWALK, CT 06850 · TELEPHONE 203-854-7810 · FAX 203-854-7734

CITY OF NORWALK
REDEVELOPMENT AGENCY
REGULAR MEETING
NOVEMBER 12, 2019

ATTENDANCE: Felix R. Serrano, Chairman, Commissioners Lisa Cooper, Tom Devine, William Speirs and David Westmoreland

AGENCY COUNSEL: Marc Grenier, Esq.

STAFF: Tami Strauss, Acting Executive Director; John Slovak, Comptroller

CALL TO ORDER
Chairman Serrano called the Regular Meeting of the Norwalk Redevelopment Agency of November 12, 2019 to order at 5:35 PM in the Carnegie Room of the Norwalk Public Library.

ROLL CALL
Chairman Serrano noted that a quorum was present.

PUBLIC PARTICIPATION
There was no one present from the public who wished to comment.

I-A. APPROVAL OF MINUTES

** 1. **MR. SPEIRS MOVED TO APPROVE THE MINUTES OF THE OCTOBER 8, 2019 REGULAR MEETING.**
** **MS. COOPER SECONDED.**
** **THE MOTION PASSED UNANIMOUSLY.**

** 2. **MR. SPEIRS MOVED TO APPROVE THE MINUTES OF THE OCTOBER 29, 2019 SPECIAL MEETING.**
** **MS. COOPER SECONDED.**
** **THE MOTION PASSED UNANIMOUSLY.**

I-B. APPROVAL OF 2020 MEETING SCHEDULE

1. **MR. SPEIRS MOVED TO APPROVE THE SCHEDULE OF MEETINGS FOR THE REDEVELOPMENT AGENCY FOR 2020 AS PRESENTED.**

I-C FINANCE

1. Approve NRA Quarterly NRA Statement of Revenues and Expenditures and Balance Sheets for all funds for Year-To- Date October 31, 2019.

Mr. Slovak reported on the Quarterly NRA Statements of Revenues and Expenditures and Balance Sheets for all funds for Year-to-Date as follows:

- Operating Fund 100 had revenues of $356,205 versus budgeted revenues of $371,942 with an unfavorable variance of $15,737.
- Actual legal expenses are $53,697 versus a $4,822 budget resulting in a $48,875 unfavorable variance due to Wall Street litigation. Total operating expenditures are

$344,555 versus a budget of $371,942 resulting in a $27,387 favorable operating variance.

- There is an operating surplus of $11,650 versus a budgeted breakeven bottom line resulting in an $11,650 favorable operating variance.
- Operating Fund 100 Balance Sheet has $6,900,144 in cash, accounts receivable, due from other funds and property, and $217,273 in net loans receivable and other assets. There are $2,657,801 in Deferred Revenues which will be earned when expended, and $3,673,427 in Net Assets.
- The Brookfield Properties Operating Fund 115 has revenues of $60,967 and expenditures of $60,967, resulting in a breakeven.
- The Balance Sheet has $543,804 in current assets, and $543,804 in liabilities and net assets.
- CDBG Revolving Loan Fund 200 Statement of Revenues and Expenditures has $7,805 of interest income from notes receivable and expenditures of $1,790, resulting in operating surplus of $6,015. The CDBG Revolving Loan Fund Balance Sheet has $715,553 in cash and due from other funds, $308,760 net loans receivable, $525,894 in liabilities, and $498,420 in net assets.
- DBG Non-Revolving Loan Fund 300 Statement of Revenues and Expenditures has revenues of $1,374 and program expenditures of $120,740, resulting in $119,366 deficit while waiting for the CDBG Entitlement Grant. The Balance Sheet for CDBG (NRLF) Fund 300 has $231,036 in cash and due from other funds, $94,441 in net loans receivable, and $325,477 in liabilities and net assets.
- Norwalk Redevelopment Agency Project and Program Fund 500 Statement of Revenues and Expenditures include Capital Budget Grants from the City of Norwalk, grants from State DECD, and Choice Neighborhoods Federal grants. There was $810,229 in revenue and $894,063 in program expenditures resulting in an $83,834 deficit which will be break even after grant billing. The NRA Project and Program Fund balance sheet has $911,859 in cash, receivables and due to other funds, and $911,859 in liabilities and net assets.

In response to a question by Mr. Westmoreland, Mr. Slovak explained that the Other Liabilities of $525,458 shown on the Balance Sheet for Fund 200 are loans that have paid back, both principal and interest, and are available to be put back out on the street as new loans for the CDBG revolving loan fund.

Mr. Westmoreland noted that the bottom line for the first quarter year to date comparison for Fund 100 is $7.1M, whereas last year it was $8.4M, down by $1.3M, which causes him concern. Chairman Serrano noted that it is because of the lawsuit, and it is a cause for concern as it is outside of the normal of what we would traditionally see or expect to see.

In response to a question by Chairman Serrano, Ms. Strauss said the Trinity loan is booked against deferred revenue. It is earmarked and saved for the $800,000 we will owe in March or April upon completion of the CO of Phase II, and then when we close on Phase III we will be obligated for $650,000 doing a line of credit. Attorney Grenier said that may be coming back to the Commissioners in December because he thinks they are a little confused about the fact that while we did talk about possible repayment from CDBG, that wasn't part of what we approved. We approved the straight interest with available cash flow, but we did talk about coming back to refinance, for which they would have to get Agency approval.

**** MR. WESTMORELAND MOVED TO APPROVE THE NRA STATEMENT OF REVENUES AND EXPENDITURES AND BALANCE SHEETS FOR ALL FUNDS FOR YEAR-TO-DATE OCTOBER 31, 2019.**
**** MS. COOPER SECONDED.**
**** THE MOTION PASSED UNANIMOUSLY.**

2. Review NRA Audited Certified Financial Statements for Fiscal Year Ending June 30, 2019.

Mr. Slovak said to summarize the audited financial statements, the auditor states that in his opinion the financial statements reflect fairly in all material respects the financial position of the Norwalk Redevelopment Agency as of June 30, 2019, including changes in financial position where applicable, and everything is done in accordance with generally accepted accounting principles, so it is a good clean audit opinion.

Page one of the Management Discussion and Analysis for June 30th states the assets of Norwalk Redevelopment Agency exceeded its liabilities at the close of the most recent fiscal year of $4,331,654, which are net assets, and there was a decrease in the net position from last year of $577,201 as of June 30th, 2019 due to $719,000 of legal expenditures for Wall Street litigation for Shipman & Goodwin.

The last page, page 25, the important page, states there is no Schedule of Findings and Questioned Costs – Federal Awards for year ended June 30, 2019; Summary of Auditor's Results, Type of Auditor's Report Issued is Unmodified; no internal control over financial reporting, no material weaknesses identified; no significant deficiencies identified; no non-compliance material to financial statements noted; no Federal Awards, internal control over major programs; and no significant deficiencies identified.

The auditor also looks at compliance for major programs, which is anything over $750,000, and found no audit findings disclosed that are required to be reported in accordance with Section 200.516 of the Uniform Guidance. Identification of major programs: HUD, Community Development Block Grant, and the Auditee is qualified as low-risk auditee.

Section II, Financial Statement Findings, no findings or questioned costs reported relating to financial statements audit.

Section III, Federal Award Findings and Questioned Costs, no findings or questioned costs reported relating to federal award program.

So everything is good and all the right boxes are checked. It is a good, clean audit.

The auditor was supposed to get a third party review of our work papers by an independent CPA firm for the FY 6/30/19 audit, and you will have this by the next board meeting, December 10th. It is the peer review by an outside CPA firm and they are going to look at all of Norwalk Redevelopment Agency reports and all the work papers for the Redevelopment Agency that the auditor did. They don't have to have the formal report issued until 6/30, but they are going to be able to report to the Board of Commissioners that there were no significant deficiencies.

II. <u>EXECUTIVE SESSION</u>

A. Discussion of Agency personnel matters
B. Discussion with Agency Personnel Search Committee members regarding Executive Director position

**** MR. SPEIRS MOVED TO GO INTO EXECUTIVE SESSION FOR DISCUSSION OF AGENCY PERSONNEL MATTERS AND DISCUSSION WITH THE AGENCY PERSONNEL SEARCH COMMITTEE MEMBERS REGARDING EXECUTIVE DIRECTOR POSITION AT 5:57 PM.**
**** MS. COOPER SCONDED.**
**** THE MOTON PASSED UNANIMOUSLY.**

**** MS. COOPER MOVED TO COME OUT OF EXECUTIVE SESSION AT 6:46 PM.**
**** MR. SPEIRS SECONDED.**
**** THE MOTON PASSED UNANIMOUSLY.**

II. ACTION ON ITEM 11.B

**** MS. COOPER MOVEDTO APPROVE AND ACCEPT THE REPORT AND RECOMMENDATION OF THE EXECUTIVE DIRECTOR SEARCH COMMITTEE AND FURTHER AUTHORIZE THE AGENCY, ACTING THROUGH ITS CHAIRMAN, TO EXTEND AN EMPLOYMENT OFFER, AS RECOMMENDED BY THE SEARCH COMMITTEE, AS DISCUSSED DURING EXECUTIVE SESSION.**
**** MR. SPEIRS SECONDED.**
**** THE MOTON PASSED UNANIMOUSLY.**

Mr. Westmoreland left the meeting at 6:46 pm

VIII. <u>NEW BUSINESS</u>
(None.)

IX. <u>OLD BUSINESS</u>
(None.)

<u>ADJOURNMENT</u>
Upon motion of Ms. Cooper, the Norwalk Redevelopment Agency regular meeting of November 12, 2019 was adjourned at 6:46 P.M.

Respectfully submitted,
Karen Pacchiana

Norwalk Redevelopment Agency
Explanation of Statement of Revenues & Expenditures
Year-To-Date October 31, 2019

- Operating Fund 100 had revenues of $480,523 versus budgeted revenues of $495,923 with an unfavorable variance of $15,400.

- Operating Fund 100 had total expenditures of $471,574 versus budgeted total expenditures of $507,554 resulting in a $35,980 favorable variance.

- There is an actual operating surplus of $8,949 versus a budgeted operating deficit of $11,632 resulting in a $20,580 favorable net operating variance.

Norwalk Redevelopment Agency Inc.

Statement of Revenues and Expenditures - Board Rev & Exp Comparison-YTD, Budget, Prior YTD

100 - NRA Operating - Fund 100

From 7/1/2019 Through 10/31/2019

(In Whole Numbers)

	YTD Actual	YTD Budget	YTD Variance	Prior YTD Actual	Annual Budget	Annual Budget $ Remaining
REVENUES						
Grant Revenues						
Grants - City Positions	48,100	48,101	(1)	125,916	144,304	96,204
Grants - NRA Project Funds	274,443	274,434	9	340,324	823,303	548,860
Grants - CDBG City Neighborhoods	62,932	83,000	(20,068)	77,771	249,000	186,068
Grants - CDBG Program Admin	64,382	59,822	4,560	62,034	179,467	115,085
Grants - Other	3,280	17,655	(14,374)	8,127	52,964	49,684
Total Grant Revenues	453,138	483,013	(29,875)	614,171	1,449,038	995,900
Other Revenues						
Interest Income from Notes	4,123	721	3,402	640	2,163	(1,960)
Interest Income - Other	10,827	10,891	(64)	11,339	32,673	21,846
Miscellaneous Revenues	459	1,298	(839)	6,033	3,894	3,435
Rental Income	11,976	0	11,976	0	0	(11,976)
Total Other Revenues	27,385	12,910	14,475	18,012	38,730	11,345
Total REVENUES	480,523	495,923	(15,400)	632,183	1,487,768	1,007,245
EXPENDITURES						
Personnel						
Salaries	250,233	314,051	63,818	318,311	907,258	657,025
Taxes & Benefits	99,213	104,260	5,047	110,151	312,780	213,567
Total Personnel	349,446	418,311	68,865	428,462	1,220,038	870,592
Administrative Expenses						
Professional Fees - Legal	67,153	6,429	(60,724)	122,093	19,286	(47,867)
Professional Fees - Other	4,167	5,412	1,246	4,000	16,237	12,070
Consultants/Contracted Svcs	5,000	1,230	(3,770)	0	3,689	(1,311)
Occupancy	31,080	35,096	4,016	0	105,287	74,207
Office Expenses	6,009	11,612	5,603	5,227	34,835	28,826
Insurance	340	5,786	5,446	0	17,357	17,017
I.T. Expense	3,861	6,416	2,555	5,275	19,249	15,388
Training	1,732	5,828	4,096	1,077	17,483	15,751
Agency Marketing	2,655	10,067	7,412	95	30,200	27,545
Miscellaneous	132	1,369	1,237	200	4,107	3,975
Total Administrative Expenses	122,129	89,243	(32,885)	137,967	267,730	145,601
Total EXPENDITURES	471,574	507,554	35,980	566,429	1,487,768	1,016,194
NET OPERATING SURPLUS/(DEFICIT)	8,949	(11,632)	20,580	65,754	0	(8,949)

Norwalk Redevelopment Agency Inc.
Statement of Revenues and Expenditures
100 - NRA Operating - Fund 100
From 10/1/2019 Through 10/31/2019
(In Whole Numbers)

	Month Actual	Month Budget	Month Variance	Prior Year Month
REVENUES				
Grant Revenues				
Grants - City Positions	12,025	12,025	(0)	31,479
Grants - NRA Project Funds	68,609	68,609	0	172,831
Grants - CDBG City Neighborhoods	17,966	20,750	(2,784)	24,067
Grants - CDBG Program Admin	19,516	14,956	4,560	25,905
Grants - Other	0	4,414	(4,414)	433
Total Grant Revenues	118,116	120,753	(2,637)	254,715
Other Revenues				
Interest Income from Notes	873	180	693	60
Interest Income - Other	2,473	2,723	(250)	2,532
Miscellaneous Revenues	0	325	(325)	0
Rental Income	2,856	0	2,856	0
Total Other Revenues	6,202	3,228	2,974	2,592
Total REVENUES	124,318	123,981	337	257,307
EXPENDITURES				
Personnel				
Salaries	71,010	87,236	16,226	74,895
Taxes & Benefits	28,902	26,065	(2,837)	26,175
Total Personnel	99,912	113,301	13,389	101,070
Administrative Expenses				
Professional Fees - Legal	13,456	1,607	(11,849)	100,497
Professional Fees - Other	1,042	1,353	311	1,000
Consultants/Contracted Svcs	0	307	307	0
Occupancy	8,854	8,774	(80)	0
Office Expenses	2,033	2,903	870	2,337
Insurance	0	1,446	1,446	0
I.T. Expense	196	1,604	1,408	596
Training	1,455	1,457	2	597
Agency Marketing	0	2,517	2,517	15
Miscellaneous	72	342	270	0
Total Administrative Expenses	27,107	22,311	(4,796)	105,042
Total EXPENDITURES	127,019	135,612	8,593	206,112
NET OPERATING SURPLUS/(DEFICIT)	(2,701)	(11,632)	8,930	51,195

PGP
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CERTIFIED PUBLIC ACCOUNTANTS
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November 19, 2019

Michael Solakian, CPA
Solakian & Company LLC

I performed a pre-issuance review of the financial statements and audit reports of Norwalk Redevelopment Agency for the year ended June 30,2019. I also reviewed the audit documentation of Solakian & Company LLC supporting its audit opinions.

Based on my review, I concluded that the financial statements and auditors reports for Norwalk Redevelopment Agency for the year ended June 30, 2019 complied with professional standards in all material respects. Further, that the audit documentation prepared by Solakian & Company LLC was appropriate to support its opinions.

I am independent with respect to Solakian & Company, LLC.

PRIDA GUIDA & COMPANY, P.A

Daniel J. Hevia

Daniel J Hevia, CPA

NORWALK re: DEVELOPMENT AGENCY

Government-wide Financial Statements and Single Audit Reports

Year ended June 30, 2019

NORWALK REDEVELOPMENT AGENCY

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Year ended June 30, 2019

Solakian & Company, LLC
Certified Public Accountants

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AICPA GAQC Member

Independent Auditor's Report

To the Board of Commissioners
Norwalk Redevelopment Agency

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and major fund of ***Norwalk Redevelopment Agency*** as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of ***Norwalk Redevelopment Agency***, as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 1-6 and 21 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board*, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2019, on our consideration of ***Norwalk Redevelopment Agency's*** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the ***Norwalk Redevelopment Agency's*** internal control over financial reporting and compliance.

Solakian & Company, LLC

October 31, 2019

NORWALK REDEVELOPMENT AGENCY, INC.

Management's Discussion and Analysis

June 30, 2019

As management of the Norwalk Redevelopment Agency, Inc. (the "Agency"), we offer readers of the Agency's financial statements this narrative overview and analysis of the financial activities of the Agency for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the Agency's basic financial statements that follow this section.

Financial Highlights – Norwalk Redevelopment Agency

The assets of the Norwalk Redevelopment Agency exceeded its liabilities at the close of the most recent fiscal year by $4,331,654 (net assets). There was a decrease in net position of $577,201 for the fiscal year ended June 30, 2019 due to $719,000 of legal expenditures for Wall Street Litigation.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Agency's basic financial statements. The Agency's financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. As outlined in GASB 34, this report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Agency's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Agency's assets and liabilities, with the difference between the two reported as net position. Over time increases or decreases in net position may serve as a useful indicator of whether the financial position of the Agency is trending up or down.

The statement of activities presents information showing how the Agency's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. Both of the government-wide financial statements distinguish functions of the Agency that are principally supported by Federal HUD Community Development Block Grant (CDBG), Connecticut (State) Department of Economic Community Development (DECD), Choice Neighborhood Initiatives (CNI), Agency and City of Norwalk (City) grants (governmental activities). Agency projects are essential to the City so that the City can maintain stable taxes, avoid stagnation, and preserve the City's AAA bond rating.

(Continued)

Government-Wide Financial Statements (continued)

The governmental activities of the Agency include Non-Revolving Loan Activities funded by the CDBG, Revolving Loan Activities funded by paid-off loans that are invested back into the Norwalk community as new loans, the DECD grants funded by the State, CNI, Agency and City grants which are used for Urban Renewal projects in Norwalk, and the Operating Activities which manage and perform the daily activities in the various programs and projects. In addition to the governmental funds containing special revenue, the government-wide financial statements can be found on pages 7 - 8 of this report.

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Agency, like other redevelopment agencies of local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Agency can be divided into two categories: governmental funds for special revenue, and account groups for general long-term obligations.

Governmental funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Agency's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Agency's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The reconciliation usually centers on debt and fixed assets of which the Agency has none. The Agency maintains five (5) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the governmental fund and account group for general long-term obligations. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report. The basic governmental fund financial statements can be found on pages 9 - 10 of this report.

(Continued)

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 11 - 18 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of an agency's financial position. In the case of the Agency, assets exceeded liabilities by $4,331,654 at the close of the most recent fiscal year. The net position decreased $577,201 for the fiscal year ended June 30, 2019 due to $719,000 of legal expenditures for Wall Street Litigation.

The largest portion of the Agency's assets (86%) is made up of cash and investments. Interest earned on cash and investments generate a small portion of the revenue for the Agency's operating budget. The second largest portion of the Agency's assets (14%) is made up of accounts and loans receivable. Accounts receivable are due from government entities, and the loan portfolio consists of loans to qualified sub-prime borrowers priced in accordance with HUD guidelines. At the end of the current fiscal year, the Agency is able to report positive balances in net position.

	Net Position June 30:	
	2019	2018
Assets		
Cash and investments	$ 9,103,488	$ 10,018,885
Grants and accounts receivable	786,122	2,436,195
Loans receivable, less allowance of $2,466,045	723,346	615,930
Other assets	23,176	17,260
Total assets	10,636,132	13,088,270
Liabilities and Net Position		
Notes payable to bank	-	-
Accounts payable and accrued expenses	1,026,940	2,233,831
Due to governmental agencies and third parties	2,065,037	2,095,955
Deferred revenues and other liabilities	3,212,501	3,849,629
Total liabilities	6,304,478	8,179,415
Net position:		
Restricted-urban redevelopment	4,331,654	4,908,855
Total net position	$ 4,331,654	$ 4,908,855

(Continued)

Governmental activities

Governmental activities had a decrease in net position of $577,201 for the fiscal year ended June 30, 2019 due to $719,000 of legal expenditures for Wall Street Litigation

	Change in Net Position Years Ended June 30:	
	2019	2018
Revenues:		
Other government grants for City projects	$ 4,881,700	$ 5,842,644
Federal grants	924,336	961,230
Program and other income	217,911	103,837
Investment income	35,069	33,840
Total revenues	6,059,016	6,941,551
Expenditures:		
Project outlays	6,636,217	6,941,551
Change in net position	(577,201)	-
Net position - beginning of year	4,908,855	4,908,855
Prior period	-	-
Net position - beginning of year, as restated	4,908,855	4,908,855
Net position - end of year	$ 4,331,654	$ 4,908,855

(Continued)

Expenses and Program Revenues – Government-Wide Activities

Revenues and expenditures had a decrease in net position of $577,201 for the fiscal year ended June 30, 2019 due to $719,000 of legal expenditures for Wall Street Litigation.

Financial Analysis of the Government's Funds

As noted earlier, the Agency uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the Agency's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Agency's financing requirements. In particular, fund balances may serve as a useful measure of a government's net resources available. As of the end of the current fiscal year, the Agency's governmental funds reported combined ending fund balances of $4,331,654. There was a decrease in net position of $577,201 for the fiscal year ended June 30, 2019 due to $719,000 of legal expenditures for Wall Street Litigation.

Governmental Fund Budgetary Highlights

There was no difference between the original budget and the final budget.

Factors Affecting CDBG Federal Funding

The Federal HUD Community Development Block Grant (CDBG) funding has substantially decreased over the years. In the year 2001, the CDBG entitlement grant shared with non-profits was $1,209,000. In the year 2008, the grant had continued its yearly downward spiral to where the CDBG entitlement grant was only approximately $935,100. Over the 7 year period, there was an actual decrease in CDBG dollar funding of approximately $274,000, or 23%. In addition, a 3% Cost of Living increase in federal CDBG funding was never provided which resulted in an additional decrease in CDBG funding of approximately $278,000, or 23%. This resulted in a significant 46% decrease in total real CDBG dollars received over seven years of approximately $551,300. The CDBG entitlement grant of approximately $864,585 shared with non-profits for the fiscal year ending June 30, 2019 is less than the CDBG entitlement grant received in 2008.

(Continued)

Requests for Information

This financial report is designed to provide a general overview of the Agency's finances for all those with an interest in the finances of the Agency. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Comptroller at the Norwalk Redevelopment Agency, 3 Belden Avenue – Second Floor, Norwalk, CT 06850.

NORWALK REDEVELOPMENT AGENCY

Statement of Net Position

June 30, 2019

Assets		Governmental Activities
Cash	$	2,383,376
Investments		6,720,112
Grants and accounts receivable		786,122
Loans receivable, less allowance of $2,466,045		723,346
Other assets		23,176
Total assets	$	10,636,132
Liabilities and Net Position		
Accounts payable and accrued expenses		1,026,940
Due to governmental agencies and other third parties		2,065,037
Deferred revenues		3,007,866
Other liabilities		204,635
Total liabilities		6,304,478
Restricted for Urban Redevelopment		4,331,654
Total liabilities and net position	$	10,636,132

See accompanying notes to basic financial statements.

NORWALK REDEVELOPMENT AGENCY

Statement of Activities

Year ended June 30, 2019

Functions/Programs	Expenses	Program Revenues	Net (Expense) Revenue and Changes in Net Assets: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Primary Government-Total Governmental Activities
Primary government-governmental activities:				
Operating	$ 2,269,027	18,132	1,638,632	(612,263)
Brookfield development	159,140	159,140	-	-
Community Development Block Grant (CDBG)-Revolving Loan Fund (RLF)	30,872	30,872	-	-
CDBG-Non-RLF	934,105	9,767	924,336	(2)
Other programs and City projects	3,243,073	-	3,243,068	(5)
Total governmental activities	$ 6,636,217	217,911	5,806,036	(612,270)
General revenues:				
Unrestricted investment income				35,069
Change in net position				(577,201)
Net position-beginning of year				4,908,855
Net position-end of year				$ 4,331,654

See accompanying notes to basic financial statements.

NORWALK REDEVELOPMENT AGENCY

Balance Sheet-Governmental Funds

June 30, 2019

Assets		
Cash	$	2,383,376
Investments		6,720,112
Grants and accounts receivable		786,122
Loans receivable, less allowance of $2,466,045		723,346
Other assets		23,176
Total assets	$	10,636,132
Liabilities and Fund Balances		
Accounts payable and accrued expenses	$	1,026,940
Due to governmental agencies and third parties		2,065,037
Deferred revenues		3,007,866
Other liabilities		204,635
Total liabilities		6,304,478
Fund balances-restricted		4,331,654
Total liabilities and fund balances	$	10,636,132
Reconciliation of governmental fund balances:		
Total fund balances	$	4,331,654
Reconciling items		-
Net assets of governmental activities	$	4,331,654

See accompanying notes to basic financial statements.

NORWALK REDEVELOPMENT AGENCY

Statement of Revenues, Expenditures and Changes in Fund Balance-Governmental Funds

Year ended June 30, 2019

Revenues:		
Other government grants for City projects	$	4,881,700
Federal grants		924,336
Program and other income		217,911
Investment income		35,069
Total revenues		6,059,016
Expenditures:		
Project outlays		6,636,217
Net changes in fund balances		(577,201)
Fund balances - beginning of year		4,908,855
Fund balances - end of year	$	4,331,654

Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balance:

Total net change in fund balances-governmental funds		(577,201)
Reconciling items		-
Change in net position of governmental activities	$	(577,201)

See accompanying notes to basic financial statements.

(1) Summary of Significant Accounting Policies

The Norwalk Redevelopment Agency (Agency), an agent of the City of Norwalk, Connecticut (City) and is defined by the City as an Administrative Department of the municipality. The Agency was established by state statute and City code to oversee the development of the City's six project areas. The Agency functions autonomously from the City and is managed by a board of five commissioners who are appointed by the Mayor and approved by the Common Council of the City.

The Agency prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources identified in *Statement on Auditing Standards No. 69*; has implemented the financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*; and it complies with the requirements of contracts and grants of agencies from which it receives funds.

Reporting Entity

The Board of Commissioners (Board) is appointed by the Mayor and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the Agency is a financial reporting entity as defined by GASB in its Statement No. 14, "*The Financial Reporting Entity.*" There are no component units included within the reporting entity.

Government-wide and Fund Financial Statements

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the Agency's non-fiduciary activities. Governmental activities include programs supported primarily by grants and other intergovernmental revenues. Business-type activities include operations that rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates how other people or entities that participate in programs the Agency operates have shared in the payment of the direct costs. The "Capital grants and contributions" column includes amounts paid by organizations outside the Agency to help meet the operational or capital requirements of a given function. If revenue is not program revenue, it is general revenue used to support all of the Agency's functions.

All interfund transactions between governmental funds are eliminated on the government-wide statements. Interfund activities between governmental funds and fiduciary funds would remain on the government-wide Statement of Activities. The fund financial statements provide reports on the financial condition and results of operations for governmental funds.

(Continued)

(1) Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The Agency considers all revenues available if they are collectible within 60 days after year end.

Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors some times require the Agency to refund all or part of the unused amount.

Fund Equity and Net Position

The accounts of the Agency are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The fund financial statements in this report consist only of the General Fund due to the nature of the Agency's activities.

(Continued)

(1) **Summary of Significant Accounting Policies (continued)**

Fund Equity and Net Position (continued)

In the government-wide financial statements, net position is classified in the following categories:

- Restricted for Urban Redevelopment– This category represents the balance reported by the Agency which is constrained for specific purposes externally imposed by the U.S. Department of Housing and Urban Development provider for urban redevelopment.

When both restricted and unrestricted resources are available for certain expenses, the Agency expends restricted resources first and uses unrestricted resources when the restricted funds are depleted.

The Authority adopted the provisions of Governmental Accounting Standards Board Statement #54 (GASB 54) *Fund Balance Reporting and Governmental Fund Type* which defines the different types of fund balances that the Authority must use for its governmental funds. GASB 54 requires the fund balances to be properly reported within one of the following categories for fund financial reporting purposes:

- Nonspendable – fund balance amounts associated with inventories, prepaids, and long-term receivables and payables.

- Restricted – fund balance amounts that can be spent only for the specific purposes stipulated by external source providers or enabling legislation.

- Committed – fund balance amounts that can be used only for specific purposes determined by a formal action of the highest level of decision-making authority, the Board of Directors.

- Assigned – fund balance amounts intended to be used by the Authority for specific purposes but do not meet the criteria to be classified as restricted or committed fund balances.

- Unassigned – fund balance amounts remaining for the General Fund that are spendable.

The Authority's committed fund balance reporting is required when funds have been committed at an Authority board meeting. The Authority's assigned fund balance reporting is required when funds have been assigned by their nature (due to the FAA or for unidentified future capital projects). The Authority's general policy is to apply expenditures against the applicable fund balances in the following order: nonspendable, assigned, committed, restricted, and unassigned.

(Continued)

(1) Summary of Significant Accounting Policies (continued)

Cash Equivalents and Concentration of Risk

The Agency considers cash equivalents to be those investments with original maturities of three months or less. The Agency also maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Agency has not experienced any losses in such accounts, and does not believe it is exposed to any significant credit risk on cash and cash equivalents.

Investments

Investments, which consist of money market funds, are presented at fair value.

Grants and Accounts Receivable and Payable

All receivables and payables are reported at their gross value. Receivables are reduced by the estimated portion that is expected to be uncollectible. The Authority establishes an allowance for estimated uncollectible accounts when appropriate. There was no allowance for uncollectible accounts as of June 30, 2019.

Loans Receivable

Loans receivable, representing the outstanding balance of amounts advanced to individuals or businesses from federal community development grants, are recorded as assets when the advances are disbursed and are reflected net of any applicable uncollectible amounts.

Interfund Receivables and Payables

Outstanding balances between funds are presented as either due from or due to other funds and are not eliminated in the accompanying financial statements.

Program Funds

All funds received by the Agency are generally designated for use in the operation of its urban renewal and community development programs.

Compensated Absences and Post-Employment Benefits

Employees are permitted to accumulate a specified amount of earned but unused sick leave and vacation time, which will be paid to them upon separation from the Agency. These expenditures are recognized in the governmental funds in the current year to the extent they are paid during the year or the vested amount is expected to be paid with available resources. The liability for compensated absences at June 30, 2019 was approximately $251,000.

The Agency does not provide any post-employment benefits.

(Continued)

(1) Summary of Significant Accounting Policies (continued)

Budgetary Information

Based upon the nature of the operation of the Agency, the Agency is not legally required to adopt a budget. Accordingly, comparative budget analysis has not been presented in these financial statements.

Date through Which Subsequent Events Have Been Evaluated

Subsequent events have been evaluated through October 31, 2019, which is the date the financial statements were available to be issued.

(2) Reconciliation of Government-wide and Fund Financial Statements

The Combined Balance Sheet-Governmental Fund Type provides the reconciliation between the fund balance for total governmental funds on the governmental fund balance sheet and the net assets for governmental activities as reported in the government-wide statement of net assets. There were no major reconciling items for 2019.

The Combined Statement of Revenues, Expenditures and Changes in Fund Balance-Governmental Funds provides a reconciliation between the net changes in fund balance as shown on the governmental fund statement of revenues, expenditures, and changes in fund balances and the changes in net assets of governmental activities as reported on the government-wide statement of activities. There were no major reconciling items for 2019.

(3) Deposits and Investments

At June 30, 2019, the carrying amount of the Agency's deposits was approximately $2,383,000, and their bank balances totaled approximately $2,571,000. The majority of the cash was on deposit with private financial institutions. As of June 30, 2019, the Agency's deposits with financial institutions were in excess of federal depository insurance limits by approximately $2,071,000.

The Agency's cash consists of the following amounts at June 30, 2019:

Petty cash	$ 150
Cash in bank	2,383,226
Total cash	$ 2,383,376

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Agency's deposits may not be returned to it, or it will not be able to recover collateral securities that are in the possession of an outside party. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Agency will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Agency does not have a deposit policy for custodial credit risk.

(Continued)

(3) Deposits and Investments (continued)

The Agency's investments in money market accounts at June 30, 2019 totaled approximately $6,720,100 (of which $250,000 was insured).

In the event that a financial institution becomes insolvent and is placed under Federal Deposit Insurance Corporation (FDIC) receivership, this collateral is subject to the FDIC requirements for perfecting security interest under Federal law. In the opinion of the Connecticut State Attorney General, these requirements are met.

(4) Receivables, Payables and Deferred Revenue

Grants and accounts receivables consist of the following at June 30, 2019:

City and federal agencies	$ 744,617
Other	41,505
Total grants and accounts receivable	$ 786,122

Due to governmental agencies and other third parties consists of the following at June 30, 2019:

Due to developer	$ 602,995
Due to Community Development Block Grant (CDBG)	667,555
City and other projects	794,487
Total due to governmental agencies	$ 2,065,037

Deferred revenues totaled approximately $3,007,900 as of June 30, 2019. Grant revenues are considered earned when expenditures are incurred and until then are considered deferred revenues.

(5) City of Norwalk and Program Funding

The Agency receives funding through the City of Norwalk as the City's administrator of the CDBG program. The City's operating budget also provides funding for salary and benefits of certain Agency staff that perform services directly for the City. The CDBG funding is distributed to Housing and Urban Development qualified programs and services within the City which are recognized as community needs within the City's Consolidated Plan and are awarded by the Common Council. For the year ended June 30, 2019, the Agency recognized the following revenue:

CDBG – Sub Grantee allocation	$ 748,763
CDBG - Administration	175,573
Other Government Grants for City Projects	4,881,700
Total Non-Agency/CDBG/Sub Grantee Allocations	$ 5,806,036

(Continued)

(6) Employee Benefit Plan

The Agency sponsors a defined contribution pension plan covering substantially all of its employees. The benefits are based on years of service and the accumulation of employer's contribution during years of employment. Contributions and cost are determined at an average of 12 percent of each employee's salary and totaled approximately $128,000 for the fiscal year ended June 30, 2019.

(7) Due to/from Related Parties

Other assets include net advances due to North Walke Housing Corporation (North Walke) in the amount of approximately $3,900 as of June 30, 2019. North Walke is a separate nonprofit organization, but they are related parties since certain officers and directors of the Agency also serve in the same capacity with North Walke.

(8) Federal and State of CT Grants

The City awards a portion of its annual CDBG allocation as grants to local organizations through a competitive process and recommended applicants provide various matching funds. Organizations in receipt of these grants received support from an array of public and private sources to provide high quality and innovative programming in service of the community. The Agency worked strategically so that federal funds can attract additional funding and spur private development to meet the needs of the community. A total of approximately $990,500 was expended by the Agency during the year ended June 30, 2019.

The Agency also received a CT Department of Economic and Community Development (DECD) Brownfields grant of $2,000,000 in 2017 to assist in the remediation of Ryan Park, a community park adjacent to the Washington Village Choice Neighborhoods Initiative project. Ryan Park is being redesigned to be more responsive to community needs and is currently undergoing environmental remediation due for completion in late 2019.

(9) Risk Management

The Agency is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions for public officials; injuries to employees; and natural disasters. The Agency has obtained insurance coverage to guard against these events which will provide minimum exposure to the Agency should they occur.

The Agency continues to carry commercial insurance for all other risks of loss, including business liability coverage. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

(Continued)

(10) Commitments and Contingencies

Amounts received or receivable from grantor agencies are subject to audit and adjustment by the grantor agencies. Any disallowed costs or claims, including amounts already received by the Agency, could become a liability.

The Agency is the defendant in an action by John Dias (Plaintiff) pending in Connecticut Superior Court (*John Dias v. City of Norwalk*), wherein the City is a co-defendant. Plaintiff is claiming certain actions taken by the Agency and the City (Defendants) have amounted to an inverse condemnation as to real property known as 20-26 Isaacs Street, Norwalk, CT (Property). On October 1, 2019, the City and the Agency filed a joint Motion for Summary Judgment, arguing that there is no genuine issue of material fact that the Defendants did not inversely condemn the Property and that, therefore, the Defendants are entitled to judgment as a matter of law. The Plaintiff's opposition to the Motion for Summary Judgment is due November 15, 2019. Management and counsel cannot provide an evaluation of the likelihood of an unfavorable outcome or an estimate of the amount or range of potential loss at this point in the litigation. If the Court declines to grant the Motion for Summary Judgment, trial is presently scheduled for April 21, 2020.

The Agency is involved in various other litigation matters. Management and counsel are either unable to determine the effect on the financial statements of these matters as their outcomes are undeterminable as of this report, or the effects are not considered to be material.

(11) Implementation of Future GASB Pronouncements

The GASB has issued several pronouncements that have effective dates that may impact future financial presentations. Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements:

- Statement No. 84, *Fiduciary Activities*. The requirements of this statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.

- Statement No. 87, *Leases*. The requirements of this statement are effective for reporting periods beginning after December 15, 2019.

- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The requirements of this statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

- Statement No. 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*. The requirements of this statement are effective for reporting periods beginning after December 15, 2018.

- Statement No. 91, *Conduit Debt Obligations*. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged.

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AICPA GAQC Member

Independent Auditor's Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With *Government Auditing Standards*

To the Board of Commissioners
Norwalk Redevelopment Agency

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States the financial statements the governmental activities, each major fund, and the aggregate remaining fund information of Norwalk Redevelopment Agency ("Agency") as of and for the year then ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated October 31, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Solakian & Company, LLC

October 31, 2019

NORWALK REDEVELOPMENT AGENCY

Schedule of Revenues, Expenditures and Changes in Fund Balance-Budgetary Comparison

Year ended June 30, 2019

	Actual-Budgetary Basis			Budgeted Amounts	
	CDBG	**Improvement**	**Total**	**Original**	**Final**
Revenues:					
Other government grants for City projects	$ -	4,881,700	4,881,700	4,881,700	4,881,700
Federal grants	924,336	-	924,336	924,336	924,336
Program income	40,639	177,272	217,911	217,911	217,911
Investment income	2	35,067	35,069	35,069	35,069
Total revenues	964,977	5,094,039	6,059,016	6,059,016	6,059,016
Expenditures:					
Project outlays	964,977	5,671,240	6,636,217	6,636,217	6,636,217
Revenues greater (less) than expenditures	-	(577,201)	(577,201)	(577,201)	(577,201)
Fund balance - beginning of year	669,877	4,238,978	4,908,855	4,908,855	4,908,855
Fund balances - end of year	$ 669,877	3,661,777	4,331,654	4,331,654	4,331,654

See accompanying notes to basic financial statements.

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Independent Auditor's Report On Compliance For Each Major Program And On Internal Control Over Compliance Required By The Uniform Guidance

To the Board of Commissioners
Norwalk Redevelopment Agency

Report on Compliance for Each Major Federal Program

We have audited Norwalk Redevelopment Agency's ("Agency") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Agency's major federal programs for the year ended June 30, 2019. The Agency's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Agency's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Agency's compliance.

Opinion on Each Major Federal Program

In our opinion, the Agency complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

(Continued)

Report on Internal Control Over Compliance

Management of the Agency is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Agency's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficien cies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Solakian & Company, LLC

October 31, 2019

NORWALK REDEVELOPMENT AGENCY

Schedule of Expenditures of Federal Awards

Year ended June 30, 2019

Pass-Through Agency Program Title	CFDA Number	Expenditures
U.S. Department of Housing and Urban Development (HUD):		
Community Development Block Grants-Passed through the City of Norwalk	14.218	$ 990,485
Total expenditures of federal awards		$ 990,485

Notes to the Schedule of Expenditures of Federal Awards

Note 1 – Basis of Accounting

This schedule is prepared on the same basis of accounting as Norwalk Redevelopment Agency's (Organization) financial statements. The Organization uses the accrual basis of accounting.

Note 2 – Program Costs

The amounts shown as current year expenditures represent only the federal grant portion of the program costs. Entire program costs, including the Organization's portion, may be more than shown. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* wherein certain types of expenditures are not allowable or are limited as to reimbursement. Because the schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

Subrecipients

Of the federal expenditures presented in the schedule, Norwalk Redevelopment Agency provided federal awards to subrecipients as follows:

Program Title	Catalog of Federal Domestic Assistance Number	Amount Provided to Subrecipients
Public Services	14.218	$ 133,120
Public Facilities	14.218	$ 203,688
Housing	14.218	$ 23,050

NORWALK REDEVELOPMENT AGENCY

Schedule of Findings and Questioned Costs - Federal Awards

Year ended June 30, 2019

Section I – Summary of Auditor's Results

Financial Statements
Type of auditor's report issued: Unmodified

Internal control over financial reporting:
• Material weakness(es) identified? _____ yes __X__ no

• Significant deficiency(ies) identified? _____ yes __X__ none reported

Noncompliance material to financial statements noted? _____ yes __X__ no

Federal Awards
Internal control over major programs:

• Material weakness(es) identified? _____ yes __X__ no

• Significant deficiency(ies) identified? _____ yes __X__ none reported

Type of auditor's report issued on compliance for major programs:

Any audit findings disclosed that are required to be reported in accordance with Section 200.516 of the Uniform Guidance? _____ yes __X__ no

Identification of major programs:
CFDA Number(s): 14.218 - HUD Community Development Block Grant

Dollar threshold used to distinguish between type A and type B programs: $ 750,000

Auditee qualified as low-risk auditee? __X__ yes _____ no

Section II – Financial Statement Findings

No findings or questioned costs are reported relating to financial statements audit.

Section III– Federal Award Findings and Questioned Costs

No findings or questioned costs are reported relating to Federal award programs.

NORWALK re: DEVELOPMENT AGENCY

CHAIRMAN
Felix R. Serrano

COMMISSIONERS
Lisa M. Cooper
John J. igneri
William R. Speirs
David G. Westmoreland

ACTING EXECUTIVE DIRECTOR
Tami Strauss

To: Commissioners, Norwalk Redevelopment Agency
From: Tami Strauss, Acting Executive Director
Re: Proposed Changes at 55 North Water Street and 77 North Water Street in the Reed Putnam Urban Renewal Plan Area
Date: December 3, 2019

Overview

On behalf of their client, Redniss & Mead has submitted a "Request for Determination of Consistency with the Reed Putnam Urban Renewal Plan" or an amendment to the Urban Renewal Plan for their proposed changes in the ground floor uses at 55 and 77 North Water Street (Parcel #3 of the Reed Putnam Urban Renewal Plan). The Urban Renewal Plan was originally approved in 1983, with modifications in 1997-1998 2007, 2015 and 2016 mostly related to Parcels 1, 2 and 4 (where the SoNo Collections stands now).

The general objectives of the original Urban Renewal Plan remain today:

- Create development opportunities for an appropriate mix of uses including office, retail, residential, hotel and non-profit institutions
- Increase the tax base of Norwalk
- Enhance public access to and enjoyment of the Norwalk waterfront
- Increase housing opportunities for the residents of Norwalk
- Increase employment opportunities for the residents of Norwalk

Parcel 3

The development of Parcel 3 with the current mix of uses was approved in 2003-2004 in accordance with a Land Disposition Agreement for Parcel 3. The Urban Renewal Plan calls for Parcel 3 to be developed with a combined residential and hotel use. However, the Land Disposition Agreement provides for the combined use provided that the hotel use must be financially feasible within a five year time period, as determined by a Hotel Feasibility Study. Such study was undertaken, indicating that a first class full service hotel would not be financially feasible and an alternative Plan was submitted for consideration and approved. As such, a full Urban Renewal Plan modification was undertaken in 2004 in accordance with State Statute, with approval ultimately granted by the Redevelopment Agency and Common Council.

The buildings were completed and approved in 2007 with a mix of uses - 9,000 sf office and 4,000 sf restaurant at 55 North Water Street and 16,000 sf office at 77 North Water Street. Zoning Commission modifications in 2008 and 2011 allowed for additional office space at 55 North Water Street, with reduced restaurant/retail space. Currently, each building contains four upper stories of apartments over one story of office space, for a total of 136 apartments and 29,000 square feet of office space.

At present, Redniss & Mead has proposed a change to the first floor of the buildings to include a mixture of residential, restaurant, and office uses on the first floors, rather than just the commercial office that exists today. The requested changes in use are driven by Fairfield County's lack of market demand for office space, long-term vacancy of the ground floor office spaces, and the high demand for rental apartments in South Norwalk. The requested changes in use would require design modifications and changes that would be brought before the Agency during the entitlement process.

Proposed Changes

	55 North Water Street	77 North Water Street
2007 original	• 9,000 sf office • 4,000 sf restaurant	• 16,000 sf office
2008 revised	• 12,000 sf office • 1,000 sf restaurant	
2011 revised	• 13,000 sf office	
2019 proposed	• 2,000 sf retail/restaurant • 7,000 sf office • 3 residential units	• 16 residential units

55 North Water Street

The proposed changes for 55 North Water Street include reallocating the share of commercial spaces along North Water Street and adding three ground floor residential apartments at the west side of the building facing the internal parking lot. These land uses are consistent with, and in the spirit of, the permitted mix of uses in the Urban Renewal Plan and are also consistent with the definition of Street Activating uses recently updated in the City's Zoning Code. As such, it is staff's opinion that the proposed changes for 55 North Water Street are consistent with the Urban Renewal Plan.

77 North Water Street

The proposed changes for 77 North Water Street are not as straightforward. The permitted first floor land uses in the current Urban Renewal Plan are a mix of commercial, office and/or retail in nature. These uses also align with the updated definition of Street Activating uses in the City's zoning code, which clearly states that these uses are non-residential. As such, it is staff's determination that a change from 100% office to 100% residential will substantially change the Urban Renewal Plan, requiring a full plan modification as required by state statute governing redevelopment plans. Should the developer propose a change to 77 North Water Street with commercial uses on the North Water Street side and residential uses facing the interior parking lot, it would be staff's recommendation to find this mix of uses consistent with the Urban Renewal Plan.

The proposed changes have been reviewed in consultation with staff of Planning & Zoning for a comprehensive and consistent review of the proposed changes and project.

Requested Action:
Find that proposed changes to the first floor uses at 55 North Water Street are consistent with the Reed Putnam Urban Renewal Plan.

Find that proposed changes to the first floor uses at 77 North Water Street will substantially change the Urban Renewal Plan and will require a modification to the Plan in accordance with State Statute.

3 BELDEN AVENUE - 2ND FLOOR, NORWALK, CT 06850 · TELEPHONE 203-854-7810 · FAX 203-854-7734

Original Issue Date: October 10, 2019
Revised: November 22, 2019

Tami Strauss, Acting Executive Director
Norwalk Redevelopment Agency
125 East Avenue
Norwalk, CT 06851

RE: **Request for Determination of Consistency with the Urban Renewal Plan**
The Sheffield SoNo, 55 and 77 North Water Street, Norwalk, CT 06854
Previously Known As: Maritime Yards and Jefferson at Maritime
Reed Putnam Design District – Parcel 3

Dear Ms. Strauss,

Redniss & Mead, Inc. represents SoNo Property Investors, LLC and Spirit Investment Partners of Stamford, CT. They own the two mixed-use buildings at 55 and 77 North Water Street (also known as Building B and Building C, respectively). Each five-story building contains four upper levels of apartments over one story of office space on the ground floor with a total of 136 apartments and about 29,000 square feet of office space. The property is shared with a condominium building at 33 North Water Street that is under separate ownership. An existing conditions survey is provided herewith (ALTA / ACSM prepared by Redniss & Mead dated 9/1/2015).

The office space in 55 North Water Street is currently occupied by SDG Corporation and Topwater Investments. The office space in 77 North Water Street was previously occupied by Virgin Atlantic, however, that space is now vacant and has been since the end of 2017. The commercial office market in both Fairfield County and the City of Norwalk is struggling with asking rents continuing a five-year decline and vacancy rates rising to more than 25% and 30%, respectively (*Source: Cushman & Wakefield Marketbeat, Fairfield County Office Q2 2019*).

Recognizing this challenging market condition and the general over supply of commercial office space, the property owner is seeking to collectively allow a mixture of uses on the first floor of the buildings, instead of just the commercial office space that exists today. Such a modification is consistent with the original Urban Renewal Plan for the Reed Putnam Area and generally desirable as a mixture of uses will provide a more engaging street presence than the office alone, especially the vacant office in 77 North Water Street.

Included with this report is a plan set prepared by Beinfield Architecture dated 11/20/2019 indicating the proposed changes to the floor plans, façade, and selected exterior materials.

Urban Renewal Plan History

The Urban Renewal Plan for the Reed Putnam Area was originally approved in 1983.

A comprehensive revision to Urban Renewal Plan was approved by the Redevelopment Agency on December 17, 1997 and the Common Council on February 10, 1998.

The general objectives of the plan are as follows:

- Create development opportunities for an appropriate mix of uses, including office, retail, residential, hotel and non-profit institutions.
- Increase the tax base of Norwalk.
- Enhance public access to and enjoyment of the Norwalk waterfront.
- Increase housing opportunities for the residents of Norwalk.
- Increase employment opportunities for the residents of Norwalk.

Parcel 3 encompasses the subject property of 55 and 77 North Water Street. The 1998 plan included an Illustrative Site Plan as Figure 3. The Illustrative Site Plan showed a building largely in the position of 55 and 77 North Water Street with a label identifying the building as residential, which use was then added to the zoning regulations as a Principal Use (9-25-1998).

Construction plans for Parcel 3, at the time known as Maritime Yards, were approved by the Redevelopment Agency on September 22, 2004 pursuant to the Disposition Agreement between the City of Norwalk and the original developer, Maritime Place LLC dated March 13, 2002. These plans received Site Plan Approval from the Zoning Commission (#7-04SPR). Architectural Plans prepared by Beinfield Architecture PC indicated ground floor uses on Sheet A-0 dated August 11, 2004. The first floor of 77 North Water Street was proposed to have 16,000 square feet of office. The first floor of 55 North Water Street was proposed to have 9,000 square feet of office and 4,000 square feet of restaurant on its southerly end adjacent to a public amenity plaza.

The buildings were constructed according to plan and completed in 2007.

Effective September 26, 2008, the Zoning Commission permitted modifications to 55 North Water Street (Building B) which reduced allotted restaurant space to 1,000 square feet and increased allotted office space to 12,000 square feet.

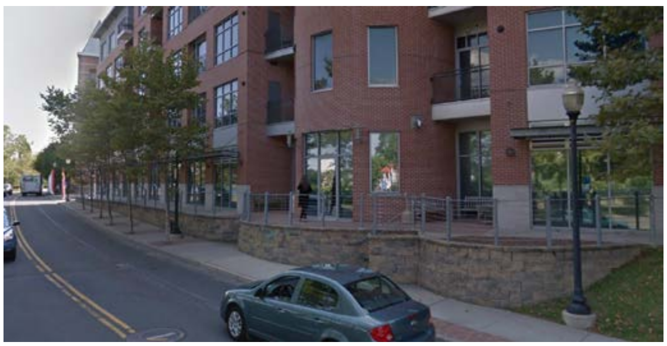
Effective March 25, 2011, the Zoning Commission permitted modifications to 55 North Water Street (Building B) which eliminated space allotted to restaurant resulting in space allotted to office of 13,000 square feet which is consistent with the current use of the building.

Modifications were again made to the Reed Putnam Urban Renewal Plan to accommodate the SONO Collection (the mall) in October of 2015. Those revisions addressed modifications to Parcels 1, 2, and 4 for the mall and did not modify conditions related to the property subject to this request, Parcel 3.

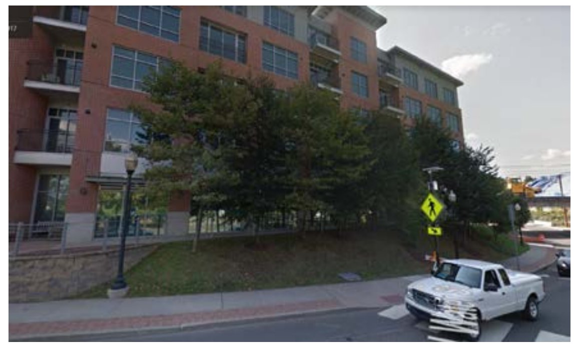
77 North Water Street, Building C

Existing Conditions

The first floor is separated from the public sidewalk by a grade change between 1 and 8 feet. This grade change is first accomplished with a retaining wall and railing along the southerly half of the building separating the building from the sidewalk, and then a landscaped slope along the northerly half of the building which is a visual screen between the public sidewalk and the building. The office use, prior to its vacancy at the end of 2017, was a typical 9am to 5pm use that occurred behind tinted windows. This was a quiet use that added little vibrancy to the streetscape during business hours and no activity to the streetscape during evenings, nights, and weekends.



Google Streetview of southerly end of 77



Google Streetview of northerly end of 77

Proposed Conditions

The first floor is proposed to be converted from office to 16 residential apartments with an amenity space added to the middle core of the building. This change in occupancy will provide greater presence throughout the day, especially during evenings, nights, and weekends. Glowing apartment lights when residents are at home and awake will add more comfort to the street experience as compared to a closed office after hours. A walkway adjacent to the building will be converted for use as private terraces in front of the apartments, putting residents along the streetscape during temperate weather. A central lounge/amenity space will further create a sense of occupancy and use within the building including an entry and exit door to a common terrace interacting with the street.

Proposed floor plan of 77 North Water Street by Beinfield Architecture

55 North Water Street, Building B

Existing Conditions

The public sidewalk extends along the east side of the building and is adjacent to the first floor along its length. The southerly façade is adjacent to a public plaza. The westerly façade faces the parking lot serving the property. Residential amenity spaces including lobby, leasing, gym, and lounge occupy the westerly portion of the northerly wing of the building.

Proposed Conditions

The property owner is proposing to convert about 2,000 square feet of space closest to the public plaza on the southerly end of the building to more active commercial use(s) which could include restaurant, retail, consumer services, or uses consistent with the definition of Street Activating recently added to the zoning regulations: *Non-residential activities that provide visual engagement between those in the street and those on the street-level floor of buildings. This can include, but is not limited to: retail displays, video displays or promotions, art studios, entertainment, visibility of manufacturing or fabrication, and any other uses that foster visual engagement with pedestrians.*

Three apartments are proposed on the west side, or rear, of the building occupying façade facing a parking lot with no impact on the public streetscape.

The remaining floor area would remain office with the option of creating a co-working office space in the northerly wing of the building that is likely to have more flexible and dynamic working hours as compared to typical 9am to 5pm offices.

Proposed floor plan of 55 North Water Street by Beinfield Architecture

Workforce Housing

The addition of 19 dwelling units includes the requirement that at least two (2) of those units meet the Workforce Housing criteria in the Zoning Regulations and be affordable to those making up to 80% of the State Median Income.

Compliance with Zoning Regulations

Attached hereto is a Zoning Information Table comparing the existing and proposed conditions of the site to the standards of Section 118-502 of the Zoning Regulations. The proposal complies with each standard, including parking requirements.

Consistency with Urban Renewal Plan

The conversion of spaces from office to residential is consistent with the Plan as that was the use originally foreseen for Parcel 3 and it is consistent with the Plan by *increasing housing opportunities for the residents of Norwalk* including the addition of two workforce housing units. The overall mixture of uses is consistent with the plan as they will *create development opportunities for an appropriate mix of uses, including office, retail, and residential*. The varied uses along the North Water Street and the Norwalk River is consistent with the Plan as the uses will *enhance public access to and enjoyment of the Norwalk waterfront* by virtue of the proposed enhancement to the interaction with the streetscape at varied times including evenings, nights, and weekends and the inclusion of a more active use along the public plaza that faces the Maritime Aquarium.

Therefore, this letter is a formal request by SoNo Property Investors LLC that the Redevelopment Agency either make a finding that the proposal for the allotment of first floor space within 55 and 77 North Water Street is consistent with the Urban Renewal Plan for the Reed Putnam District, or amend the Urban Renewal Plan for the Reed Putnam Area to include the proposed uses. Pursuant to Section 8-136 of the Connecticut General Statutes, the Redevelopment Agency may amend the Plan without the approval of the Norwalk Common Council based on a finding that the proposed modification will not substantially change the Plan.

We look forward to the Redevelopment Agency considering this request on December 10th. As always, do not hesitate to contact me with requests for further information or clarification.

Sincerely,

Craig J. Flaherty, P.E.

Attachments

cc: SoNo Property Investors, LLC

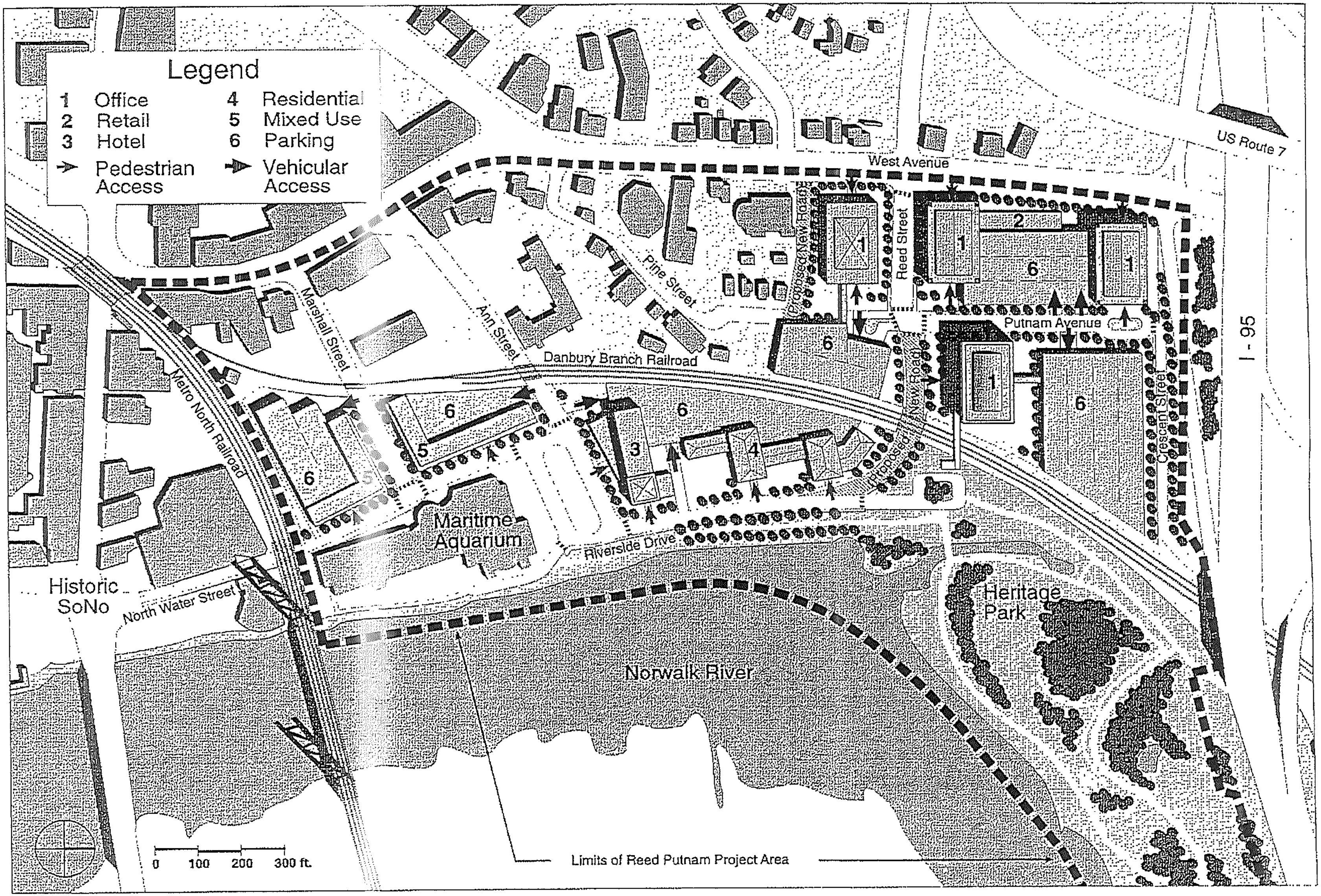
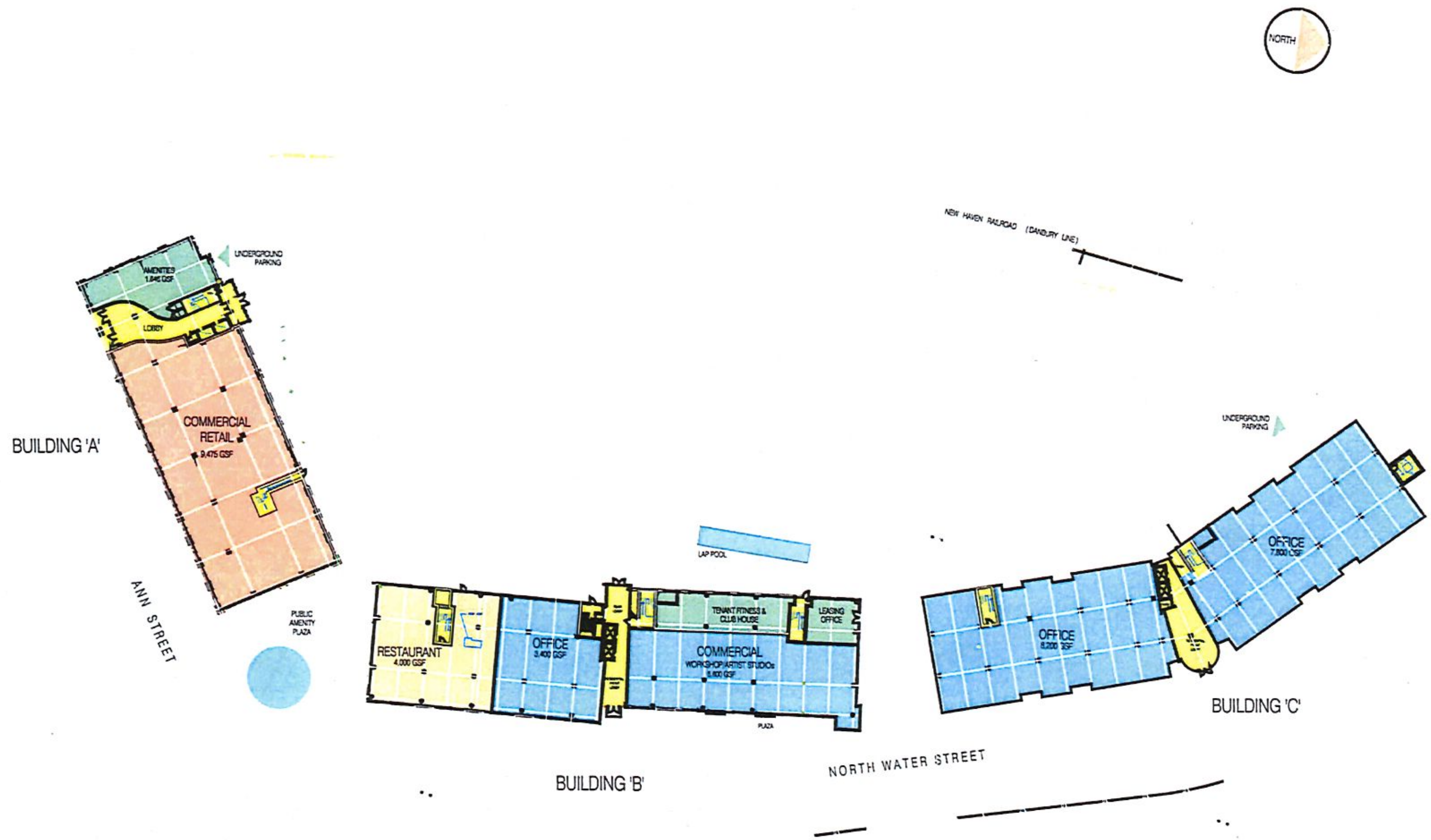


Figure 3 - Illustrative Site Plan

Reed Putnam Project Area - Norwalk, Connecticut

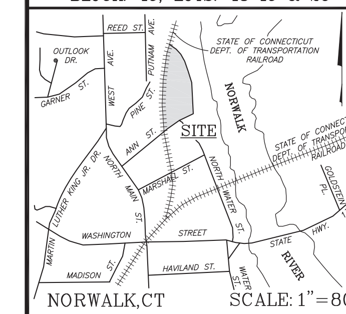


ISSUED: 08-11-04

BEINFIELD ARCHITECTURE PC	MARITIME YARDS RIVERSIDE DRIVE NORWALK, CT	BUILDING A GROUND LEVEL SITE PLAN	08-11-04 1/16" = 1'-0"	A-0

ZONE: RPDD
(Reed Putnam Design District)

TAX MAP: 15NE,
BLOCK: 19, LOTS: 18 19 & 20



ORIENTATION

DESCRIPTION – SCHEDULE A

All that certain real property situated in the City of Norwalk, County of Fairfield, and State of Connecticut, being known and designated as Master Community Unit B of Maritime Yards Planned Community, together with all appurtenances thereto, as more particularly described and set forth in that certain Declaration of Maritime Yards Planned Community by Maritime Place Parcel #3 LLC dated February 23, 2007 and recorded on February 23, 2007 in volume 6457 at Page 162 of the Norwalk Land Records, as amended by an Amendment #1 to Declaration of Maritime Yards Community, dated August 24, 2007 and recorded on August 24, 2007 in Volume 6626 at Page 17 of the Norwalk Land Records, as the same may be further amended, supplemented and/or modified from time to time.

PERIMETER DESCRIPTION – MARITIME YARDS PLANNED COMMUNITY

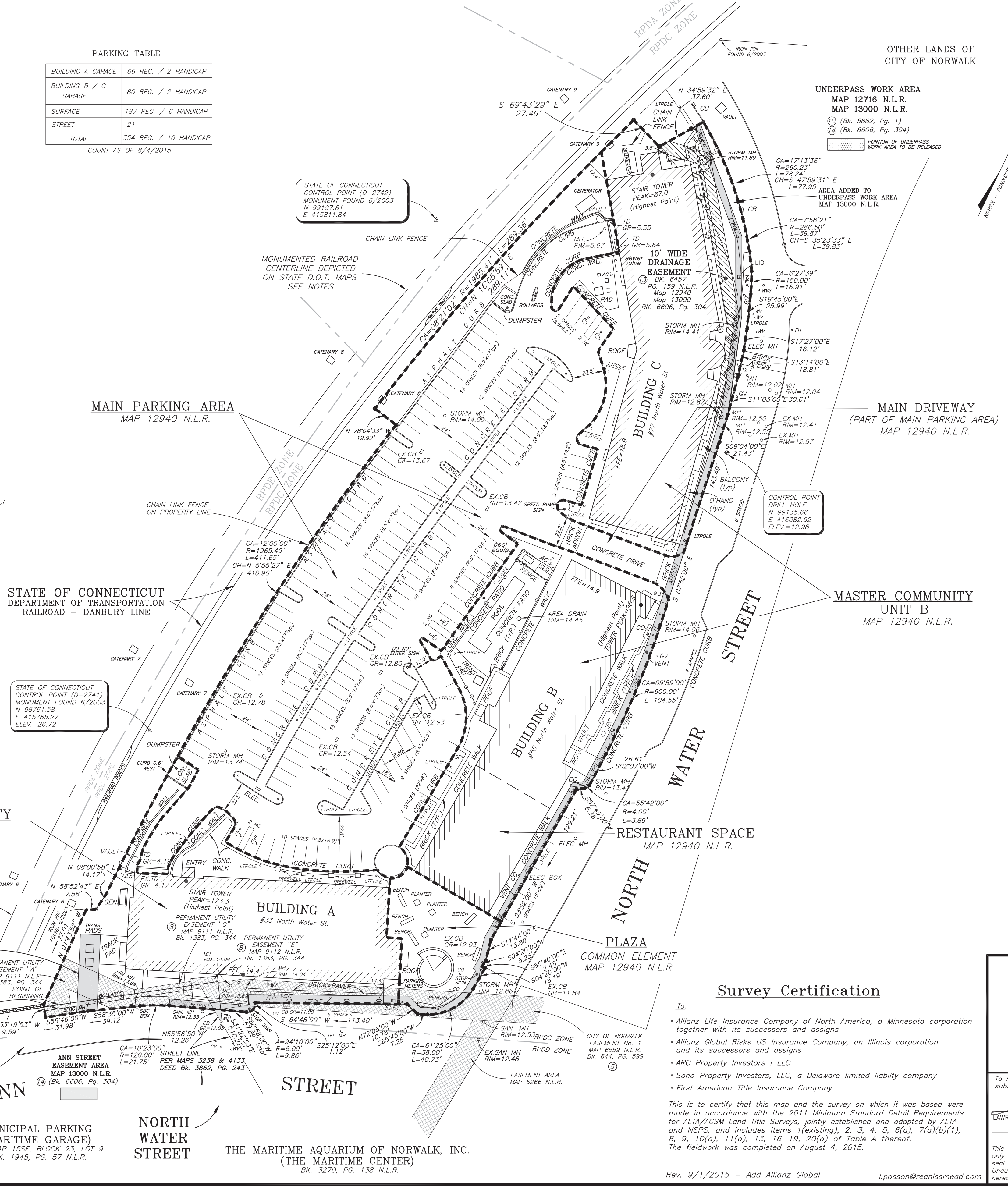
Beginning at a point on the northerly side of Ann Street at its intersection with the easterly side of land of the State of Connecticut Department of Transportation Railroad Right of Way of the Danbury Line; running thence along said State of Connecticut the following courses: N 01° 43' 52" W a distance of 77.01 feet; N 58° 52' 43" E a distance of 7.56 feet; N 08° 00' 58" E a distance of 14.17 feet; along a non–tangent clockwise curve the radius of which is 1,965.49 feet and the central angle of which is 12° 00' 00" for an arc distance of 411.65 feet and the chord of which is N 5° 55'27" E for a distance of 410.90 feet; N 78° 04' 33" W a distance of 19.92 feet and along a non–tangent clockwise curve the radius of which is 1,985.41 feet, the central angle of which is 08° 21' 02", the arc distance of which is 289.36 feet and the chord of which is N 16° 05' 59" E for a distance of 289.11 feet to lands of the City of Norwalk; running thence along said City of Norwalk the following courses:
S 69° 43'29" E a distance of 27.49 feet, N 34° 59'32" E a distance of 37.60 feet, along a non–tangent clockwise curve the radius of which is 260.23 feet, the central angle of which is 17° 13' 36", the arc distance of which is 78.24 feet and the chord of which is S 47° 59' 31" E for a distance of 77.95 feet; along a non–tangent clockwise curve the radius of which is 286.50 feet, the central angle of which is 7° 58'21", the arc distance of which is 39.87 feet and the chord of which is S35° 23' 33" E for a distance of 39.83 feet; along a tangent clockwise curve the radius of which is 150.00 feet, the central angle of which is 6° 27' 39", the arc distance of which is 16.91 feet,along the tangent to the previous curve S 19° 45' 00" E a distance of 25.99 feet; S 17° 27'00" E a distance of 16.12 feet, S 13° 14' 00" E a distance of 18.81 feet; S 11° 03'00" E a distance of 30.61 feet, S 09° 04' 00" E a distance of 21.43 feet; S 07° 52'00" E a distance of 143.49 feet, along a tangent clockwise curve the radius of which is 600.00 feet, the central angle of which is 9° 59' 00", the arc distance of which is 104.55 feet ,S 02° 07' 00" W a distance of 26.61 feet, along a tangent clockwise curve the radius of which is 4.00 feet, the central angle of which is 55° 42' 00", the arc distance of which is 3.89 feet,
S 57° 49' 00" W a distance of 6.36 feet,S 03° 52' 00" W a distance of 129.21 feet,
S 11° 44' 00" E a distance of 15.80 feet,S 04° 20' 00" W a distance of 5.25 feet,
S 85° 40' 00" W a distance of 2.48 feet,S 04° 20' 00" W a distance of 18.19 feet,
tangent clockwise curve the radius of which is 38.00 feet, the central angle of which is 61° 25' 00", the arc distance of which is 40.73 feet to the aforesaid northerly side of Ann Street, running thence along said northerly side of Ann Street the followng courses:
S 65° 45' 00" W a distance of 7.25 feet, N 72° 05' 00" W a distance of 10.78 feet,
S 64° 48' 00" W a distance of 113.40 feet,S 25° 12' 00" E a distance of 1.12 feet,
along a tangent clockwise curve the radius of which is 6.00 feet, the central angle of which is 94° 10' 00", the arc distance of which is 9.86 feet,
S 68° 58' 00" W a distance of 57.89 feet
along a tangent counter clockwise curve the radius of which is 120.00 feet, the central angle of which is 10° 23' 00", the arc distance of which is 21.75 feet,
S 58° 35' 00" W a distance of 39.12 feet, S 55° 46' 00" W a distance of 31.98 feet,
and N 33° 19' 53" W a distance of 9.59 feet to the Point of Beginning.

Parcel Area: 3.9327 Acres.

PARKING TABLE

BUILDING A GARAGE	66 REG. / 2 HANDICAP
BUILDING B / C GARAGE	80 REG. / 2 HANDICAP
SURFACE	187 REG. / 6 HANDICAP
STREET	21
TOTAL	354 REG. / 10 HANDICAP

COUNT AS OF 8/4/2015

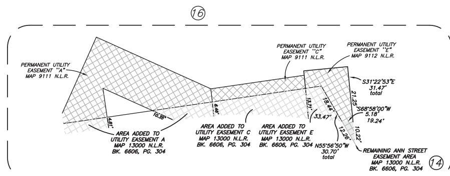


LEGEND

- PARKING METER
- VALVE (WV, GV)
- CO – CLEAN OUT
- MANHOLE (MH)
- UTILITY POLE (POLE #)
- OVERHEAD WIRES
- FIRE HYDRANT (FH)
- CATCH BASIN (CB)
- TRENCH DRAIN
- CHAIN LINK FENCE
- CONC. RET. WALL
- CURB
- HANDICAP RAMP (H.C.)

EASEMENT AREA
PUBLIC SIDEWALK
(11) Bk. 5882, Pg. 8
MAP 12716 & 13000 N.L.R.
(INSET 2)

SOUTH NORWALK
ELECTRIC & WATER CO.
EASEMENT
Bk. 6704, Pg. 117
MAP 13060 N.L.R.
(16)



INSET

NOTES:

1. This survey has been prepared in accordance with Sections 20–300b–1 thru 20–300b–20 of the Regulations of Connecticut State Agencies and the ''Standards for Surveys and Maps in the State of Connecticut as adopted by the Connecticut Association of Land Surveyors, Inc. as a Property Survey the Boundary Determination Category of which is a Resurvey conforming to Horizontal Accuracy Class A–2 and intended to be used for mortgaging or conveyance purposes.
2. Reference is made to Maps 12716, 12940, 13000, 13013 and 13060 of the Norwalk Land Records (N.L.R.).
3. Reference is made to conveyance deeds of record found in Bk. 3862, Pg. 243; Bk.4249, Pg. 293; Bk. 5882, P. 1; Bk.7718, Pg. 244 of the N.L.R.
4. Reference is made to the following documents cited in Schedule B of First American Title Insurance Company commitment No.NCS–743413–BOS1, dated August, 2015 (on subject property) (commitment exception number – (9) typ.)
   - (5) Bk. 644, Pg. 599 (Storm drainage easement – depicted hereon). Development Parcel 3)
   - (6) Bk. 5770, Pg. 22, Bk. 3706, Pg. 175 & Bk. 3472, Pg. 1 (Approval of Reed Putnam Urban Renewal Plan – Development Parcel 3)
   - (7) Bk. 6460, Pg. 249., Bk. 4386, Pg. 38, Bk. 6500, Pg. 232, Bk. 6531, Pg. 153, Bk. 6569, Pg. 252 and Bk. 6600, Pg. 187. (Covenants, restrictions and provisions – not depicted hereon).
   - (8) Bk. 1383, Pg. 344 (Utiility easements – depicted hereon). (Master Community Unit A)
   - (9) Bk. 5879, Pg. 163 (Certificate No. 1606A from Conn. State Traffic Commission
   - (9) Bk. 6165, Pg. 22 (Certificate No. 1606A from Conn. State Traffic Commission – not depicted hereon).
   - (9) Bk. 6580, Pg. 218 (Certificate No. 1606A from Conn. State Traffic Commission
   - (9) Bk. 6576, Pg. 152 & Bk. 6580 Pg. 218 (Notice by State of Connecticut State Traffic Commission)
   - (10) Bk. 5882, Pg. 1 (...non exclusive easement...allowing pedestrian use of sidwalks... for public street and highway purposes...future construction of railroad underpass...) depicted hereon.
   - (11) Bk. 5882, Pg. 8 (easement for public sidewalk – Ann Street – depicted hereon) (Master Community Unit A)
   - (12) Bk. 6457, Pg. 139 / 162, Bk. 6600, Pg. 189 – (Declaration of Restrictions – not depicted hereon).
   - (13) Bk. 6457, Pg. 159 (10' wide drainage easement – depicted hereon).
   - (14) Bk. 6606, Pg. 304 (Supplemental Conveyance Parcel) Map 13000–depicted hereon).
   - (15) Bk. 3862, Pg. 243 (Terms, conditions, reservations, right–of–way) right –of–way to be released per Map 12716 N.L.R – see note 9 below). (Master Community Unit A) (released – not depicted hereon)
   - (16) Bk. 6704, Pg. 117 (Grant in favor of second taxing district – South Norwalk) Electric & Water Co. Easement – Map 13060 – depicted hereon.
5. Reference is made to State of Connecticut Valuation Map 58–69–24 and Lease Agreement found in Vol. 330, Pg. 81; Lease Agreement terminated pursuant to Conn. Dept. of Transportation notice of termination letter dated July 18, 2000.
6. Reference is made to instruments of record as labeled hereon.
7. Elevations depicted hereon are based on the National Geodetic Vertical Datum of 1929 (NGVD–29).
8. Property does not lie within a FEMA (AE) Flood Hazard Zone per Flood Insurance Rate Map, Panel 531 of 626, Map Number 09001C0531G, dated July 8, 2013. (FEMA flood maps based on NAVD–1988). To convert elevations that are depicted hereon to NAVD–1988 subtract 1.1'
9. Temporary working easements and 20' wide driveway & utility easement depicted on Map 12716 N.L.R., have been released per Volume 5882, Page 1 of the Norwalk Land Records.
10. There is no observed evidence of current earth moving work, building construction or building additions.
11. There are no proposed changes to right of way lines.
12. There is no observed evidence of site use as a solid waste dump, sump or sanitary landfill.
13. There is no observed evidence of wetland areas present on subject parcels.
14. Property has access to and from North Water Street, a public road.
15. There is no observed evidence of encroachments other than those depicted hereon.

~REED–PUTNAM DEVELOPMENT PARCEL #3~

Survey Certification

To:

- Allianz Life Insurance Company of North America, a Minnesota corporation together with its successors and assigns
- Allianz Global Risks US Insurance Company, an Illinois corporation and its successors and assigns
- ARC Property Investors I LLC
- Sono Property Investors, LLC, a Delaware limited liabilty company
- First American Title Insurance Company

This is to certify that this map and the survey on which it was based were made in accordance with the 2011 Minimum Standard Detail Requirements for ALTA/ACSM Land Title Surveys, jointly established and adopted by ALTA and NSPS, and includes items 1(existing), 2, 3, 4, 5, 6(a), 7(a)(b)(1), 8, 9, 10(a), 11(a), 13, 16–19, 20(a) of Table A thereof.
The fieldwork was completed on August 4, 2015.

Rev. 9/1/2015 – Add Allianz Global

l.posson@rednissmead.com

ALTA / ACSM LAND TITLE SURVEY
DEPICTING
MARITIME YARDS
PREPARED FOR
SONO PROPERTY INVESTORS, LLC

To my knowledge and belief this map is substantially correct as noted hereon

LAWRENCE W. POSSON, JR., CT LIC. NO. 18130
9/1/2015
DATE

This document and copies thereof are valid only if they bear the signature and embossed seal of the designated licensed professional. Unauthorized alterations render any declaration hereon null & void.

JOB NO.: 6320F–1	DATE: 8/26/2015
DRAWN BY: WLO/LP	CHECKED BY:
SCALE: 1" = 40'	0 40 80

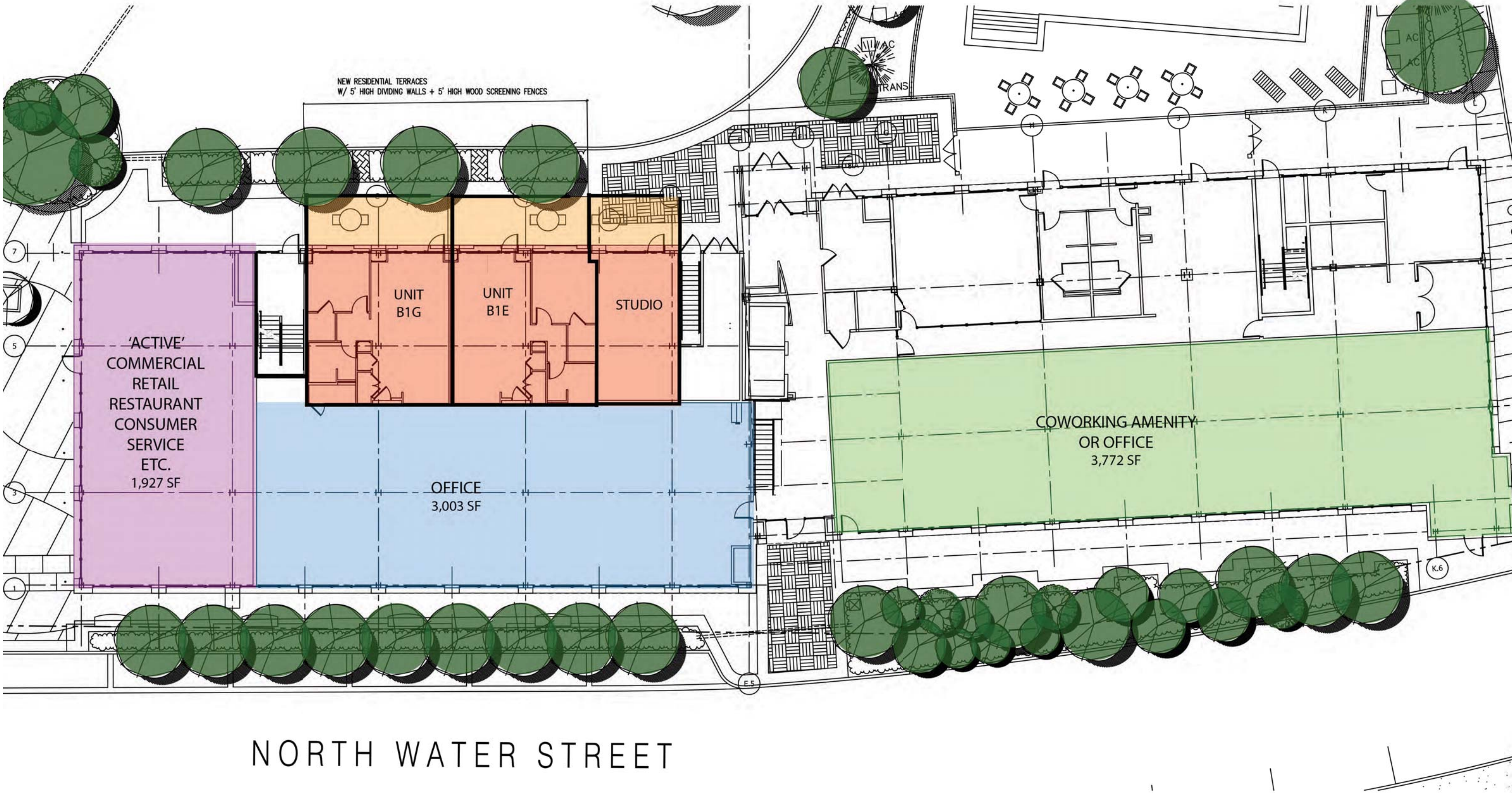
6320ALTA–2015.DWG

Redniss & Mead
INCORPORATED
ENGINEERS – PLANNERS – SURVEYORS – ENVIRONMENTAL CONSULTANTS
22 FIRST STREET – STAMFORD, CONNECTICUT 06905 – TEL: 327–0500 FAX: 357–1118

Sheffield SoNo

55 & 77 NORTH WATER ST
NORWALK, CT

Material and Facade Changes



BEINFIELD ARCHITECTURE PC 55 NORTH WATER ST: NEW 1ST FLOOR USES 09/10/2019 1/8" = 1'-0"

SOUTH FACADE CHANGES AT FIRST FLOOR WILL BE DETERMINED BY INDIVIDUAL COMMERCIAL TENANTS FACING PLAZA.

BEINFIELD ARCHITECTURE PC

55 NORTH WATER STREET: EAST ELEVATION

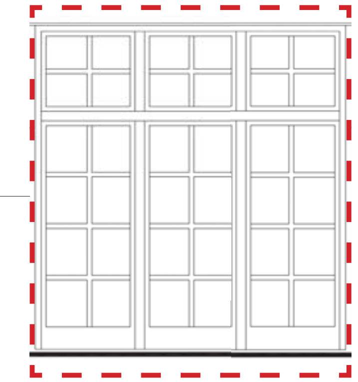
09/10/2019

1/8"=1'-0"

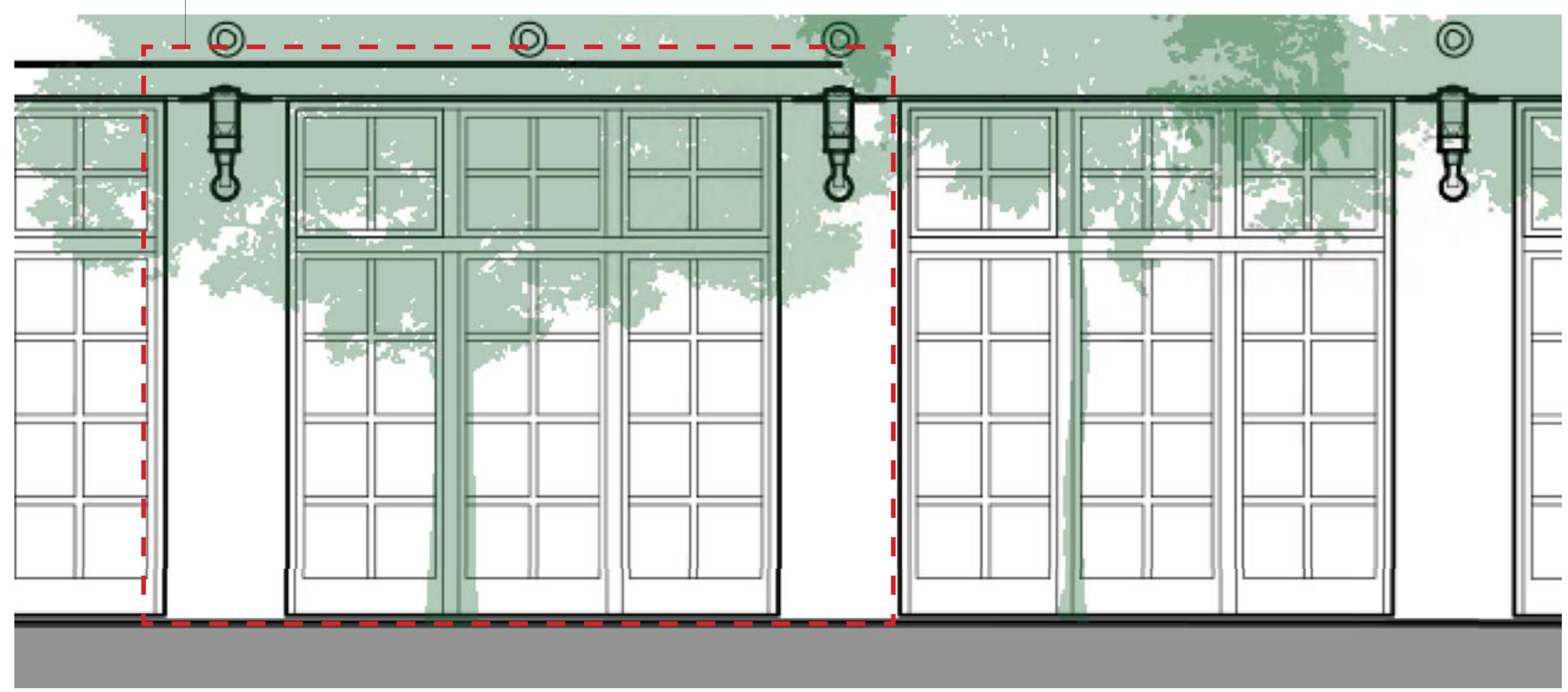
BUILDING B - EAST ELEVATION

DETAIL - 01

NO SCREENING ON THIS ELEVATION



NEW SDL's AT GROUND LEVEL



BUILDING B EAST (STREET) SIDE WILL HAVE NO ADDED FENCING OR PRIVACY BARRIERS.

DETAIL - 01

BEINFIELD ARCHITECTURE PC

55 NORTH WATER STREET: WEST ELEVATION

09/10/2019

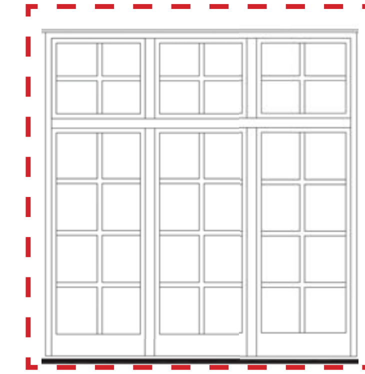
1/8"=1'-0"

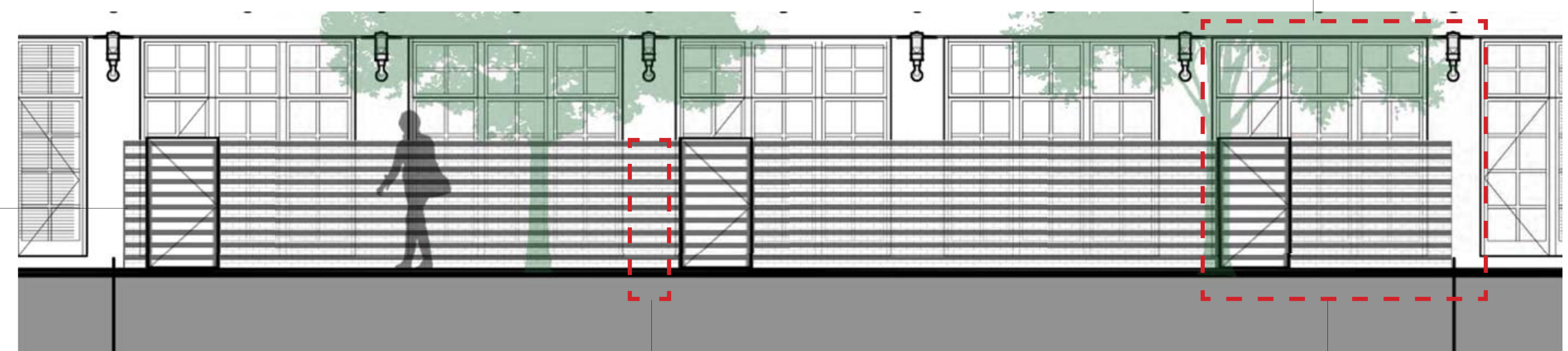
BUILDING B - WEST ELEVATION

DETAIL - 01

NEW TERRACE PRIVACY SCREENING IN THIS AREA ONLY

NEW SDL's AT GROUND LEVEL





DETAIL - 01

EXISTING EXTERIOR LIGHTS

NEW TERRACE PRIVACY FENCING TO ONLY BE USED WHERE SHOWN.

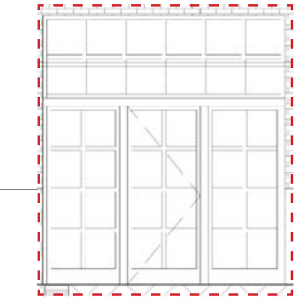
NEW APARTMENT TERRACE DOORS

BEINFIELD ARCHITECTURE PC | 77 NORTH WATER ST: NEW 1ST FLOOR USES | 09/10/2019 | 1/8" = 1'-0"

BEINFIELD ARCHITECTURE PC | 77 NORTH WATER STREET: EAST ELEVATION | 09/10/2019 | 1/8"=1'-0"

BUILDING C - EAST ELEVATION

DETAIL - 01



NEW SDL's AT GROUND LEVEL

DETAIL - 01

PLANTER - 01

PLANTER - 02

PLANTERS ARE INTENDED TO PROVIDE A DELINIATION BETWEEN PUBLIC STREET & PRIVATE TERRACE WITHOUT IMPEADING VISUAL CONNECTIONS.

NEW TERRACE DEMISING WALLS

FENCING WILL ONLY EXIST BETWEEN UNIT TERRACES. NO FENCING WILL DIVIDE TERRACE FROM STREET.

NEW APARTMENT TERRACE DOORS

BEINFIELD ARCHITECTURE PC

77 NORTH WATER STREET: WEST ELEVATION

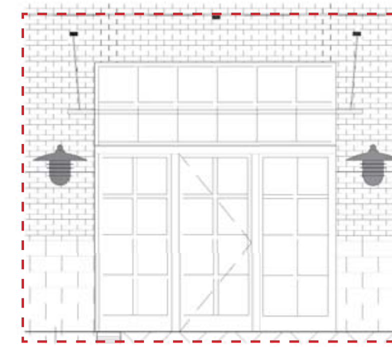
09/10/2019

1/8"=1'-0"

DETAIL - 01

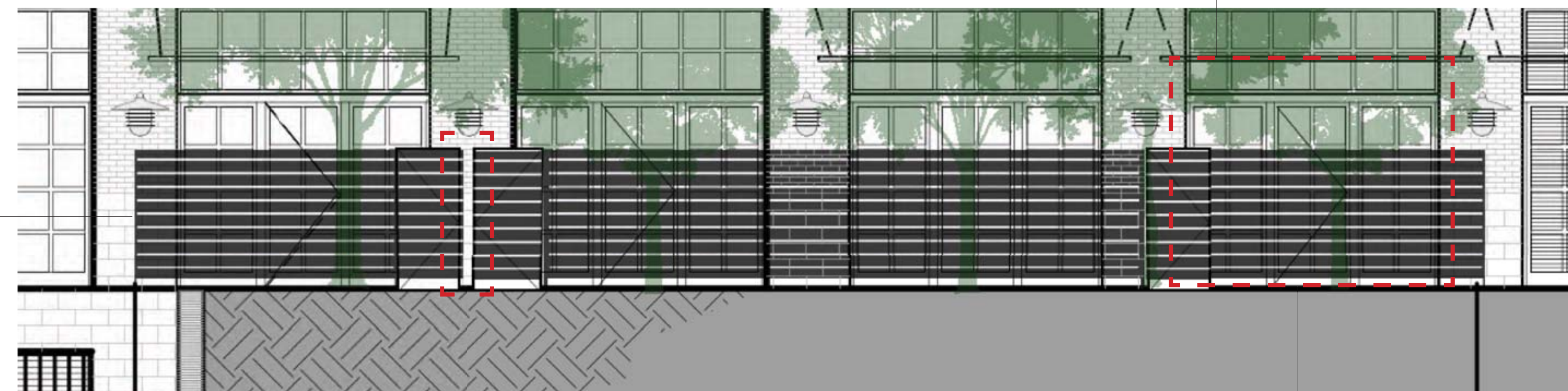
NEW TERRACE PRIVACY SCREENING IN THIS AREA ONLY

BUILDING C - WEST ELEVATION



NEW SDL's AT GROUND LEVEL

DETAIL - 01



NEW TERRACE PRIVACY SCREENING

NEW APARTMENT TERRACE DOORS

EXHIBIT: ZONING INFORMATION TABLE

55 and 77 North Water Street

11/22/2019	ZONE	REED PUTNAM DESIGN DISTRICT SUBAREA C	EXISTING ZONING INFORMATION	PROPOSED DEVELOPMENT
		BUILDING ZONE STANDARDS (Article 50, §118-502)		Modified Site Plan Compliant with current regulations
HEIGHT	MAXIMUM	Residential Building Height - 6 stories and 72 feet Mixed Use Building Height - 8 stories and 110 feet Hotel Building Height - 12 stories and 150 feet Parking Garage Height - 4 stories and 36 feet	Building C (Mixed Use) - 58.5 feet Building B (Mixed Use) - 58.0 feet	Building C (Residential) - 58.5 feet Building B (Mixed Use) - 58.0 feet
MINIMUM SIZE OF PLOT	AREA	87,120 sf minimum	171,308 sf (3.93 acres) [1]	No Change
MINIMUM YARDS		None	None	No Change
MAXIMUM BUILDING AREA		80% for buildings and parking	69% (118,247 sf) [2]	No Change
MAXIMUM FLOOR AREA RATIO		2.0 for multifamily dwellings; 2.0 for mixed use; 5.0 for hotels	1.604 (274,704 sf) [2]	No Change
RESIDENTIAL DENSITY		Minimum - 1,500 sf of lot area per unit (115 units) Maximum - 750 sf of lot area per unit (228 units)	197 Units (869 sf of lot area per unit) [2]	216 units (793 sf of lot area per unit)
REQUIRED PARKING (Apply Section118-502C.(3)e [1])		1) 1.5 parking spaces per studio or 1-bedroom dwelling unit 2) 2.0 parking spaces per 2-bedroom or larger dwelling units; Office: 1 space per 334 sf of gross floor area; Retail: 1 space per 200 sf of active floor area; Restaurant: 1 space per 45 sf of active floor area	(122 one-bed x 1.5)+(75 two-bed+ x 2) = 333 spaces 38,607 sf of office / 334 = 116 spaces [4] Total required parking after reduction = 449 space x 0.70 = 315 spaces Provided parking = 354 parking spaces[3]	(137 one-bed x 1.5)+(79 two-bed x 2) = 364 spaces 26,680 sf office / 334 = 80 spaces 75% of 1,927 sf restaurant / 45 = 33 spaces Total required parking after reduction = 477 space x 0.70 = 333 spaces Provided parking = 354 parking spaces[3]

[1] Parcel area includes Supplemental Conveyance Parcel as depicted on survey titled "Property Survey depicting Conveyances and Grants of Easements between the City of Norwalk and Maritime Place Parcel #3 LLC" as prepared by Redniss & Mead, Inc. and dated July 27, 2007.

[2] Building and parking area, building floor area, and number of residential units as depicted on survey titled "Improvement Location Survey depicting Maritime Yards prepared for The Spinnaker Companies" as prepared by Redniss & Mead, Inc. and last revised August 16, 2007.

[3] Provided parking includes 21 on-street parking spaces

[4] Per modification to approved site plan application #7-04SPR and coastal site plan application #27-04CAM, a minimum of 22 parking spaces in the garage are shared spaces for the office use.

***<u>Proposal</u> - Building B proposal - Remove 3,927 sf of office space, add 1,927 sf of commercial space (parked conservatively as a restaurant with 75% active patron area), and add 1 studio and 2 one-bed units.**
Building C proposal - Remove 8,000 sf of office space and add 12 one-bed and 4 two-bed units

REDNISS & MEAD

NORTH WALKE HOUSING CORPORATION

TO: MEMBERS, NORTH WALKE HOUSING CORPORATION

FROM: FELIX R. SERRANO, CHAIRMAN

DATE: NOVEMBER 5, 2019

RE: **MEETING NOTICE**

A Special Meeting of the North Walke Housing Corporation will be held at 5:30 PM on Tuesday, December 10, 2019, in Room 300 at Norwalk City Hall.

NORTH WALKE HOUSING CORPORATION
SPECIAL MEETING
DECEMBER 10, 2019
5:30 P.M.

A G E N D A

CALL TO ORDER

ROLL CALL

PUBLIC PARTICIPATION

I. ADMINISTRATION

A. APPROVAL OF MINUTES

1. Approve Minutes of November 12, 2019 Regular Meeting.

B. FINANCE

1. Approve North Walke Audited Certified Financial Statements for Fiscal Year Ending June 30, 2019.

II. NEW BUSINESS

III. OLD BUSINESS

ADJOURNMENT

NORTH WALKE HOUSING CORPORATION
REGULAR MEETING
NOVEMBER 12, 2019

ATTENDANCE: Felix R. Serrano, Chairman, Commissioners Lisa Cooper, Tom Devine, William Speirs and David Westmoreland

AGENCY COUNSEL: Marc Grenier, Esq.

STAFF: Tami Strauss, Acting Executive Director, John Slovak, Comptroller

CALL TO ORDER
Chairman Serrano called the Regular Meeting of the North Walke Housing Corporation of November 12, 2019 to order at 6:49 PM.

ROLL CALL
Chairman Serrano noted that a quorum was present.

PUBLIC PARTICIPATION
There was no one present from the public that wished to comment at this time.

I – A. APPROVAL OF MINUTES

1. Minutes of August 13, 2019 Regular Meeting.

** **MS. COOPER MOVED TO APPROVE THE MINUTES OF THE AUGUST 13, 2019 MEETING OF THE NORTH WALKE HOUSING CORPORATION.**
** **MR. SPEIRS SECONDED.**
** **THE MOTION PASSED UNANIMOUSLY.**

B. FINANCE

1. Quarterly North Walke Statement of Revenues and Expenditures and Balance Sheets for all funds for Year-To- Date September 30, 2019.
2. Review North Walke Audited Certified Financial Statements for Fiscal Year Ending June 30, 2019.

Mr. Slovak reported on the North Walke Statement of Revenues and Expenditures as follows:

- North Walke Housing Corporation Operating Fund 400 Statement of Revenues and Expenditures had $2,016 in revenue, $261 in expenditures, and an operating surplus of $1,755. The Balance Sheet for North Walke Housing Corporation Operating Fund 400 has $1,115,688 total assets, $764,622 liabilities, and $351,066 net assets.

- The North Walke Housing Corporation Fund 450 Statement of Revenues and Expenditures has an $820 net operating surplus from interest on notes. The North Walke RLF Balance Sheet has total assets of $161,363 and liabilities and net assets of $161,363.

****	MS. COOPER MOVED TO APPROVE THE FINANICAL STATEMENTS FOR OCTOBER 31, 2019 AS PRESENTED.**
****	MR. SPEIRS SECONDED.**
****	THE MOTION PASSED UNANIMOUSLY.**

I. NEW BUSINESS

None.

II. OLD BUSINESS

None.

III. ADJOURNMENT

There being no further Old or New Business, upon motion of Ms. Cooper and second of Mr. Devine, the North Walke Housing Corporation meeting was adjourned at 6:50 PM.

Respectfully submitted,

Karen Pacchiana

North Walke Housing Corporation

Financial Statements and Supplementary Information

Years ended June 30, 2019 and 2018

NORTH WALKE HOUSING CORPORATION

Table of Contents

Years ended June 30, 2019 and 2018

Solakian & Company, LLC
Certified Public Accountants

Michael Solakian, CPA
P.O. Box 716
North Branford, CT 06471 USA

www.solakiancpa.com

Independent Auditor's Report

To the Board of Commissioners
North Walke Housing Corporation

We have audited the accompanying financial statements of ***North Walke Housing Corporation*** (a nonprofit organization) which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ***North Walke Housing Corporation*** as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Solakian & Company, LLC

October 31, 2019

NORTH WALKE HOUSING CORPORATION

Statements of Financial Position

June 30, 2019 and 2018

Assets	2019	2018
Cash	$ 803,654	723,362
Investments	351,818	346,959
Accounts and loans receivable	119,003	125,274
Total assets	$ 1,274,475	1,195,595

Liabilities and Net Assets		
Accounts payable	$ 145	145
Other liabilities	852,420	774,445
Loans payable	50,722	50,722
Deferred revenue	-	3,491
Total liabilities	903,287	828,803
Net assets without restrictions	371,188	366,792
Total liabilities and net assets	$ 1,274,475	1,195,595

See accompanying notes to financial statements.

NORTH WALKE HOUSING CORPORATION

Statements of Activities

Years ended June 30, 2019 and 2018

		2019	2018
Revenues:			
Other income	$	8,325	13,050
Interest income		4,407	4,587
Grants		3,491	28,758
Total revenues		16,223	46,395
Expenses:			
Program:			
Project expenses		3,141	22,967
Management and general:			
Professional fees		7,053	7,913
Office and miscellaneous expenses		1,633	6,706
Total expenses		11,827	37,586
Change in net assets		4,396	8,809
Net assets - beginning of year		366,792	357,983
Net assets - end of year	$	371,188	366,792

See accompanying notes to financial statements.

NORTH WALKE HOUSING CORPORATION

Statements of Cash Flows

Years ended June 30, 2019 and 2018

		2019	2018
Cash flows from operating activities:			
Change in net assets	$	4,396	8,809
Adjustments to reconcile changes in net assets to net cash provided by operating activities:			
Decrease (increase) in:			
Accounts and loans receivable		6,271	13,155
Increase (decrease) in:			
Other liabilities		77,975	290,611
Deferred revenue		(3,491)	-
Net cash provided by operating activities		85,151	312,575
Cash flows from investing activities:			
Redemption (purchase) of investments		(4,859)	(846)
Net cash used in investing activities		(4,859)	(846)
Net increase in cash		80,292	311,729
Cash - beginning of year		723,362	411,633
Cash - end of year	$	803,654	723,362

See accompanying notes to financial statements.

(1) Reporting Entity

The North Walke Housing Corporation (NWHC or Corporation) is a non-stock, nonprofit corporation established in 1987 to act as a community development housing corporation to provide housing opportunities for low-and-moderate income individuals and families in Norwalk, Connecticut.

(2) Summary of Significant Accounting Policies

Financial Statement Presentation

NWHC follows accounting for not-for-profit organizations as outlined in professional standards. Accordingly, it is required to report information regarding its financial position and activities according to two classes of net assets as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor (or grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Grants and Contracts

Grants and contracts are generally considered to be exchange transactions in which the grantor or contractor requires the performance of specified activities.

Entitlement to cost reimbursement grants and contracts is based on the expenditure of funds in accordance with grant restrictions and, therefore, revenue is recognized to the extent of grant expenditures. Entitlement to performance-based grants and contracts are based on the attainment of specific performance goals and, therefore, revenue is recognized to the extent of performance achieved.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could differ from those estimates.

(Continued)

(2) Summary of Significant Accounting Policies (continued)

Subsequent Events

Subsequent events have been evaluated through October 31, 2019, which is the date the financial statements were available to be issued.

Cash and Investments

The carrying amount of cash and money market investments at June 30, 2019 and 2018 was approximately $1,155,500 and $1,070,000, respectively, as shown in the accompanying statement of financial position. The bank balances of these funds totaled approximately $1,155,500 and $1,070,000 as of June 30, 2019 and 2018, respectively, of which $250,000 was covered through the Federal Deposit Insurance Corporation.

Income Tax Status

NWHC is exempt from federal income taxes pursuant to provisions of Section 501(c) (3) of the Internal Revenue Code and has been classified as "other than a private foundation."

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by NWHC and recognize a tax liability (or asset) if it has taken an uncertain position that more-likely-than-not would not be sustained upon examination by the applicable taxing authorities. Management has analyzed the tax positions, and has concluded that as of June 30, 2019, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements.

NWHC is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years prior to 2016.

(3) Related Party Transactions

Norwalk Redevelopment Corporation (NRA) owed NWHC approximately $3,900 as of June 30, 2019, which is included in accounts and loans receivable.

Certain management and commissioners of the NRA function in the same capacity at the NWHC.

(4) Grant Revenue

Grant revenue includes approximately $3,500 and $28,800 received from various state agencies, foundations and other non-profits in 2019 and 2018, respectively.

(Continued)

(5) Loan Payable

During the year ended June 30, 2006, the Corporation obtained approximately $51,000 of loan proceeds payable to Federal Home Loan Bank. The outstanding balance was approximately $51,000 as of June 30, 2019 and 2018.

(6) Implementation of New Accounting Pronouncement

The Financial Accounting Standards Board issued Accounting Standards Codification 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* (Topic 958), effective for periods beginning after December 15, 2017. Several changes to nonprofit financial reporting include:

- Improvements to the presentation and disclosures for net assets classes from the previous three classes of net assets (unrestricted, temporarily restricted, and permanently restricted) to two classes (without donor restrictions and with donor restrictions).
- Allowing free choice between the direct and indirect methods in presenting cash flows.
- Providing better information about functional expenses and disclosures about how expenses are allocated to management and general.
- Augmenting disclosures on underwater endowment funds.
- Unifying the reporting of investment returns.
- Enhancements to information provided about the liquidity and availability of financial resources.

The new standard aims to improve reporting the liquidity and availability of resources. Qualitative information will be required to be disclosed on how the Corporation manages its liquid available resources and its liquidity risk to meet cash needs for general expenditures within one year of the year-end date.

Early application of the above changes is permitted and the Corporation implemented them during the year ended June 30, 2018.

(7) Liquidity and Availability of Resources

The Corporation has approximately $1,274,000 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of cash and equivalents of $1,155,000 and accounts and loans receivable of $119,000. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date.

The Corporation has a goal to maintain financial assets, which consist of cash and equivalents and pledges and other receivables, on hand to meet one year of annual operating expenses, which are, on average, approximately $25,000. The Corporation has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management, the Corporation invests cash in excess of daily requirements in various short-term investments.